Independent Auditors' Reports as Required by Title *2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards* and Related Information

ITHACA COLLEGE

May 31, 2016 and 2015

ITHACA COLLEGE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Ithaca College:

Report on the financial statements
We have audited the accompanying financial statements of Ithaca College (the "College"), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca College, as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 28, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
October 28, 2016

ITHACA COLLEGE
Statements of Financial Position
As of May 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,053,395	$ 378,455
Short-term investments	121,889,185	100,263,769
Accounts receivable, net of allowances of $200,000 in 2016 and 2015	2,434,552	2,000,776
Inventories, deferred charges and prepaid expenses	3,161,945	3,218,958
Contributions receivable, net	4,538,313	3,793,709
Notes receivable, net of allowances of $400,000 in 2016 and 2015	9,650,542	9,313,367
Long-term investments	269,532,630	289,274,531
Interest rate swap agreements	635,735	1,310,242
Property, plant and equipment, net	367,246,375	370,691,840
Total assets	$ 781,142,672	$ 780,245,647
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 25,849,210	$ 23,168,575
Deposits and deferred revenues	7,770,376	8,984,767
Debt obligations, net	157,152,850	164,354,697
Conditional asset retirement obligations	980,609	1,030,612
U.S. Government grants refundable	8,215,711	8,276,068
Interest rate swap agreements	15,084,286	16,846,327
Postretirement benefit obligation	14,396,366	14,377,000
Total liabilities	229,449,408	237,038,046
Commitments and contingencies		
NET ASSETS		
UNRESTRICTED		
Current operations	55,307,532	31,542,572
Matching funds under Federal Government loan program	1,688,393	1,688,393
Quasi-endowment	187,130,143	202,694,088
Debt service, property, plant and equipment renewal and replacement funds	27,614,639	29,984,038
Net investment in property, plant and equipment	140,994,783	134,231,685
Interest rate swap agreements	(14,448,551)	(15,536,085)
Total unrestricted	398,286,939	384,604,691
TEMPORARILY RESTRICTED		
Current operations	1,669,097	1,158,846
Temporarily restricted endowments	31,758,659	38,189,030
Term endowments and life income funds	235,999	250,123
Property, plant and equipment purposes	69,098,742	70,613,498
Land and buildings	-	-
Total temporarily restricted	102,762,497	110,211,497
PERMANENTLY RESTRICTED		
Endowment	50,643,828	48,391,413
Total permanently restricted	50,643,828	48,391,413
Total net assets	551,693,264	543,207,601
Total liabilities and net assets	$ 781,142,672	$ 780,245,647

The accompanying notes are an integral part of these financial statements.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 267,632,976	$ -	$ -	$ 267,632,976
Less financial aid	(116,671,204)	-	-	(116,671,204)
Net tuition and fees	150,961,772	-	-	150,961,772
Sales of auxiliary services	69,312,205	-	-	69,312,205
Investment income	1,483,425	76,326	-	1,559,751
Private gifts and grants	5,628,459	947,215	-	6,575,674
Federal grants and contracts	1,999,090	-	-	1,999,090
State appropriations	1,001,231	-	-	1,001,231
Sales and services of educational departments	4,140,292	-	-	4,140,292
Other revenues	277,163	-	-	277,163
Net investment return designated for operations	9,533,243	-	-	9,533,243
Net assets released from restrictions for facilities	1,322,202	-	-	1,322,202
Net assets released from restrictions for operating and program purposes	410,218	(410,218)	-	-
Total operating revenues and support	246,069,300	613,323	-	246,682,623
OPERATING EXPENSES				
Instruction, research and public service	92,713,953	-	-	92,713,953
Academic support	21,996,314	-	-	21,996,314
Student services	26,419,165	-	-	26,419,165
Institutional support	35,203,837	-	-	35,203,837
Auxiliary activities	41,164,211	-	-	41,164,211
Total expenses	217,497,480	-	-	217,497,480
Increase in net assets from operating activities	28,571,820	613,323	-	29,185,143
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,322,202)	-	(1,322,202)
Net assets released from restrictions for nonoperating purposes	38,595	(38,595)	-	-
Capital gifts and other additions	77,760	12,301	2,252,415	2,342,476
Write off of capital gifts and other additions	-	(9,116)	-	(9,116)
Net realized and unrealized losses	(8,008,084)	(3,976,701)	-	(11,984,785)
Net investment return designated for operations	(6,805,233)	(2,728,010)	-	(9,533,243)
Postretirement benefits expense other than net periodic benefit cost	725,620	-	-	725,620
Gain on bond restructuring	163,336	-	-	163,336
Loss on interest rate swap termination	(2,169,100)	-	-	(2,169,100)
Change in fair value of interest rate swap agreements	1,087,534	-	-	1,087,534
(Decrease) increase in net assets from nonoperating activities	(14,889,572)	(8,062,323)	2,252,415	(20,699,480)
Changes in net assets	13,682,248	(7,449,000)	2,252,415	8,485,663
Net assets, beginning of year	384,604,691	110,211,497	48,391,413	543,207,601
Net assets, end of year	$ 398,286,939	$ 102,762,497	$ 50,643,828	$ 551,693,264

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 253,709,027	$ -	$ -	$ 253,709,027
Less financial aid	(106,170,331)	-	-	(106,170,331)
Net tuition and fees	147,538,696	-	-	147,538,696
Sales of auxiliary services	66,117,744	-	-	66,117,744
Investment income	1,408,370	903	-	1,409,273
Private gifts and grants	6,675,868	746,543	-	7,422,411
Federal grants and contracts	1,941,249	-	-	1,941,249
State appropriations	871,105	-	-	871,105
Sales and services of educational departments	4,010,421	-	-	4,010,421
Other revenues	577,551	-	-	577,551
Net investment return designated for operations	8,542,618	-	-	8,542,618
Net assets released from restrictions for facilities	1,324,656	-	-	1,324,656
Net assets released from restrictions for operating and program purposes	154,478	(154,478)	-	-
Total operating revenues and support	239,162,756	592,968	-	239,755,724
OPERATING EXPENSES				
Instruction, research and public service	91,717,991	-	-	91,717,991
Academic support	22,057,166	-	-	22,057,166
Student services	28,206,763	-	-	28,206,763
Institutional support	37,132,805	-	-	37,132,805
Auxiliary activities	40,521,619	-	-	40,521,619
Total expenses	219,636,344	-	-	219,636,344
Increase in net assets from operating activities	19,526,412	592,968	-	20,119,380
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,324,656)	-	(1,324,656)
Net assets released from restrictions for nonoperating purposes	136,847	(136,847)	-	-
Capital gifts and other additions	50,907	18,218	6,896,824	6,965,949
Write off of capital gifts and other additions	-	(100,000)	-	(100,000)
Net realized and unrealized gains	9,199,627	3,140,186	-	12,339,813
Net investment return designated for operations	(6,095,639)	(2,446,979)	-	(8,542,618)
Postretirement benefits expense other than net periodic benefit cost	(3,574,721)	-	-	(3,574,721)
Change in fair value of interest rate swap agreements	(2,289,015)	-	-	(2,289,015)
Transfers primarily due to change in donor's intent	398,118	(2,079,690)	1,681,572	-
Lease abandonment	(391,651)	-	-	(391,651)
(Decrease) increase in net assets from nonoperating activities	(2,565,527)	(2,929,768)	8,578,396	3,083,101
Changes in net assets	16,960,885	(2,336,800)	8,578,396	23,202,481
Net assets, beginning of year	367,643,806	112,548,297	39,813,017	520,005,120
Net assets, end of year	$ 384,604,691	$ 110,211,497	$ 48,391,413	$ 543,207,601

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statements of Cash Flows
For the years ended May 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 8,485,663	$ 23,202,481
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,047,090	19,427,887
Net realized and unrealized gains on investments	11,984,785	(12,339,813)
Change in fair value of interest rate swap agreements	(1,087,534)	2,289,015
Change in present value discount on contributions receivable	(11,084)	(48,799)
Change in allowance for doubtful pledges on contributions receivable	(1,475)	(22,775)
Gifts of property and equipment	-	(3,000)
Amortization of bond discount, bond premium and bond issuance costs	4,127,546	1,654
Termination of interest rate swap agreement	2,169,100	-
Accretion of interest and liability adjustment for conditional asset retirement obligations	(50,003)	32,338
Contributions and investment income restricted for long-term investment	(1,418,668)	(7,956,070)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(433,776)	1,101,045
(Increase) decrease in contributions receivable	(732,045)	532,584
Decrease (increase) in inventories, deferred charges and prepaid expenses	57,013	(290,993)
Increase (decrease) in accounts payable and accrued expenses	2,680,635	(471,350)
(Decrease) increase in deposits and deferred revenues	(1,214,391)	1,624,418
Increase in postretirement benefit obligation	19,366	3,740,348
Net cash provided by operating activities	44,622,222	30,818,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(16,601,625)	(15,029,648)
Purchases of investments	(90,560,897)	(94,145,367)
Proceeds from the sales of investments	76,692,597	75,424,897
Notes receivable - disbursements	(1,947,559)	(1,788,149)
Notes receivable - collections	1,610,384	1,745,123
Net cash used in investing activities	(30,807,100)	(33,793,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and investment income restricted for long-term investment	1,418,668	7,956,070
Payments on debt obligations	(55,294,393)	(6,282,356)
Proceeds from debt obligations	43,965,000	-
Termination of interest rate swap agreement	(2,169,100)	-
Decrease in U.S. Government grants refundable	(60,357)	(28,757)
Net cash (used in) provided by financing activities	(12,140,182)	1,644,957
Net increase (derease) in cash and cash equivalents	1,674,940	(1,329,217)
Cash and cash equivalents, beginning of year	378,455	1,707,672
Cash and cash equivalents, end of year	$ 2,053,395	$ 378,455
Supplemental disclosure:		
Cash paid for interest on debt obligations	$ 7,681,193	$ 8,121,339

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ithaca College (the "College") is a four-year, primarily undergraduate institution which offers a diversified program of professional and liberal arts studies. The College was founded in 1892 as the Ithaca Conservatory of Music, and became a nonprofit, private college in 1931. The current campus is relatively new, as its construction began in approximately 1960. Today, Ithaca College offers a wide variety of programs through the School of Business, the Roy H. Park School of Communications, the School of Health Sciences and Human Performance, the School of Humanities and Sciences, and the School of Music.

The College's programs are designed to address the need for rigorous academic preparation in highly specialized professional fields and the need for students to prepare themselves for the complex demands of modern society by acquiring intellectual breadth beyond the bounds of their chosen profession.

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Basis of Presentation

The accompanying financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Classifications of Net Assets

The College reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets
Unrestricted net assets represent expendable resources that are generally available for support of the College's activities, with certain designations. Specifically, certain unrestricted net assets are committed through contractual agreements. Such amounts primarily consist of matching funds under a student loan program of the federal government and required trustee balances under debt obligation agreements.

Temporarily Restricted Net Assets
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. The College reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees.

Permanently Restricted Net Assets
Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use, a standard of prudence and other provisions governing endowment funds of this nature pursuant to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") (see Note 10).

Fair Value Measurements

The College follows guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by the standard.

The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnership and similar interests.

In May 2015, the FASB issued Accounting Standards Update No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* ("ASU2015-07"). The amendments within ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. ASU 2015-07 is effective for non-public entities with fiscal years beginning after December 15, 2016, however early adoption is permitted. The reporting entity is required upon adoption to apply the amendments retrospectively to all periods presented.

The College early adopted ASU 2015-07 effective June 1, 2015 and has applied the amendments retroactively for all periods presented, as required by the ASU. The adoption of this new guidance by the

College only amended disclosure requirements and did not have an impact on the College's financial statements for the periods presented.

Revenue Recognition

Tuition revenues for the fall and spring are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities that are completed prior to fiscal year-end are recognized in the current fiscal year. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Student receivables are written-off when deemed uncollectible.

Short-Term Investments

Short-term investments are reported at fair value based on quoted market values and consist principally of U.S. treasuries, commercial paper and money market funds. These investments are intended to be used for current operations.

Long-Term Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnership and similar interests, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers as of the measurement date. Because the private equity, real estate partnership investments and similar interests are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments, except for those assigned to the College's investment managers as part of the College's long-term investment strategies, with original maturities of three months or less from the date of purchase.

Property, Plant and Equipment

The College capitalizes computer equipment with a cost of $5,000 or more and other equipment and fixed assets with costs of $2,000 or more which have useful lives greater than one year. Property, plant and equipment are stated at cost and are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 to 40 years
Buildings	8 to 60 years
Building improvements	10 to 20 years
Equipment	5 to 10 years
Enterprise software	10 to 15 years

Assets acquired under capital lease obligations are depreciated over the shorter of their economic useful life or the lease term.

Maintenance, repairs, and minor improvements are charged to operations as incurred. Major improvements, which substantially extend the useful lives of assets, are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts of the College and the resulting gain or loss, if any, is reflected as part of nonoperating activities.

Contributions

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at fair value. In addition, contributions are distinguished between and recorded as contributions that increase unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions as well as donor-restricted income and gains whose restrictions are met within the same year as received are reflected as unrestricted revenue in the statement of activities. The carrying value of contribution receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Contribution receivables are written-off when deemed uncollectible.

Contributions of long-lived assets, cash or other assets to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The release of the restriction occurs over the depreciable life of the constructed asset.

Grants and Contracts

Revenue from grants and contracts is recognized as related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues. Contract and grants receivables are written-off when deemed uncollectible.

Contributed Goods

In-kind contributions received through donations are valued and recorded as revenue and expenses at their fair value at the time the contribution is received.

Functional Expenses

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction, research and public service. Expenses reported as academic support, student services, institutional support and auxiliary activities are incurred in support of these primary program services. The College allocates operation and maintenance of plant, depreciation and amortization and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

Operations

The accompanying statements of activities report the changes in unrestricted, temporarily restricted and permanently restricted net assets, distinguishing between operating and nonoperating activities. Unrestricted operating revenues consist of those activities attributable to the College's primary mission of providing education, research and public service. They include investment earnings on the College's operating cash flows and a portion of the return on long-term investments as determined in accordance with the College's spending rate policy. The remaining return (loss) on long-term investments is classified as part of nonoperating activities. Nonoperating activities also include capital and endowment contributions; net assets released from restrictions for capital purposes; changes in the value of certain financial instruments; and, other activities considered to be more of an unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, notes and contributions receivable; the determination of the College's postretirement benefit obligation; provision for operating accruals; useful lives assigned to fixed assets; conditional asset retirement obligations; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnership and similar interests. The College maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. The College's cash investments were placed in high quality financial institutions. To minimize risks associated with investments, the College has a diversified investment portfolio in a variety of asset classes. The College does not anticipate any material losses with respect to such accounts due to concentration of credit risk.

Income Taxes

The College follows accounting guidance which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The tax years ended May 31, 2013, 2014, 2015 and 2016 are still open to audit for both federal and state purposes.

New Pronouncements

In April 2015, FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30)*: Simplifying the Presentation of Debt Issuance Costs* to simplify the presentation of debt issuance costs related to a recognized debt liability. This ASU requires debt issuance costs to be presented as a direct reduction from the carrying value of that debt liability, consistent with debt discounts. The recognition guidance for debt

issuance costs is not affected by this ASU. The guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2015, however, early adoption is permitted. The College early adopted ASU 2015-03 effective June 1, 2015 and has applied the guidance retroactively for all periods presented, as required by the ASU.

Reclassifications

The College reclassified certain amounts in to conform to the current year presentation. These changes did not impact the changes in net assets reported in the prior year.

Subsequent Events

The College evaluated its May 31, 2016 financial statements for subsequent events through October 28, 2016, the date the financial statements were issued. The College is not aware of any material subsequent events which would require recognition or disclosure in the financial statements.

2. CONTRIBUTIONS RECEIVABLE, NET

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Of the contributions receivable outstanding at May 31, 2016 and 2015, $821,312 and $1,458,724, respectively, are temporarily restricted for land, property improvements and other purposes, and represent pledges for the Athletics and Events Center, Dillingham Renovations, Boathouse, and Baseball Backstop.

At May 31, 2016, of the remaining contributions receivable, $750,217 was temporarily restricted for other purposes, $888,109 was time restricted and $2,204,171 was permanently restricted for endowment purposes. At May 31, 2015, of the remaining contributions receivable, $529,910 was temporarily restricted for other purposes, $572,706 was time restricted and $1,370,424 was permanently restricted for endowment purposes.

Contributions receivable, net, are summarized as follows at May 31, 2016 and 2015:

	2016	2015
Unconditional promises expected to be collected in:		
Less than one year	$ 1,614,318	$ 1,578,990
One to five years	3,046,491	2,339,774
After five years	3,000	13,000
	4,663,809	3,931,764
Less: Allowance for doubtful accounts	(18,250)	(19,725)
Less: Unamortized discount to present value	(107,246)	(118,330)
Contributions receivable, net	$ 4,538,313	$ 3,793,709

Contributions to be received after one year are discounted using a credit-adjusted rate. Discount rates on all outstanding contributions ranged between 1.17% and 4.03% at May 31, 2016 and 2015. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. During fiscal 2016 and 2015, the College was notified of certain intentions to give. These conditional gifts,

if received, would be used principally in support of scholarships. Consistent with US GAAP, such amounts have not been included in contributions receivable due to their conditional nature.

Total costs incurred for fund-raising activities, which are recorded as an expense when incurred, totaled $3,380,837 and $3,505,668 in fiscal 2016 and 2015, respectively, and are included as part of institutional support in the accompanying statements of activities.

3. INVESTMENTS

Investments, which include long-term and short-term investments, consist of the following at May 31, 2016 and 2015:

	2016		2015	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Commercial paper, money market funds, foreign currency securities, and government backed securities	$ 117,899,355	$ 117,711,911	$ 102,459,639	$ 102,312,902
Government and corporate bonds	38,465,714	37,256,003	36,553,778	35,679,895
Equities	131,386,456	101,215,675	136,813,149	95,634,802
Hedge funds and absolute return funds	63,443,669	56,577,764	67,892,775	56,057,280
Private equities	14,220,909	16,801,543	15,849,951	16,917,209
Real estate partnerships	26,005,712	31,729,441	29,969,008	35,882,087
	$ 391,421,815	$ 361,292,337	$ 389,538,300	$ 342,484,175

Long-term investments are held for the following purposes at May 31, 2016 and 2015:

	2016		2015	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Endowment and similar purposes	$ 269,532,630	$ 239,584,449	$ 289,274,531	$ 242,415,603

For investment purposes, a portion of the long-term investments is pooled with assets owned by separate funds based upon shares purchased by the funds when they enter the pool. The pooled assets are valued on a monthly basis and a per share fair value is determined and used to calculate the number of shares applicable to funds entering or exiting the pool.

The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly fair value of its pooled investment portfolio for the preceding five years. The College utilized 4.24% and 4.21% of the average quarterly fair value of its pooled investment portfolio in fiscal 2016 and 2015, respectively. To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes unrealized and realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, depending upon donor stipulations, if any, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The following schedule summarizes the net investment return and its classification in the 2016 and 2015 statements of activities:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest, net	$ 1,483,425	$ 76,326	$ -	$ 1,559,751
Net realized and unrealized losses	(8,008,084)	(3,976,701)	-	(11,984,785)
Total return on investments	$ (6,524,659)	$ (3,900,375)	$ -	$ (10,425,034)
Investment income designated for operations	$ 1,483,425	$ 76,326	$ -	$ 1,559,751
Net investment appreciation designated for operations	6,805,233	2,728,010	-	9,533,243
Return on investments available for reinvestment	(14,813,317)	(6,704,711)	-	(21,518,028)
Total return on investments	$ (6,524,659)	$ (3,900,375)	$ -	$ (10,425,034)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest, net	$ 1,408,370	$ 903	$ -	$ 1,409,273
Net realized and unrealized gains	9,199,627	3,140,186	-	12,339,813
Total return on investments	$ 10,607,997	$ 3,141,089	$ -	$ 13,749,086
Investment income designated for operations	$ 1,408,370	$ 903	$ -	$ 1,409,273
Net investment appreciation designated for operations	6,095,639	2,446,979	-	8,542,618
Return on investments available for reinvestment	3,103,988	693,207	-	3,797,195
Total return on investments	$ 10,607,997	$ 3,141,089	$ -	$ 13,749,086

Investment management and custodian fees are netted against investment returns and totaled $940,585 and $897,756 in fiscal 2016 and 2015, respectively.

The following table presents the fair value hierarchy of investments that are measured at fair value on a recurring basis as of May 31, 2016:

	Total	Level 1	Net Asset Value
Commercial paper, money market funds, foreign currency securities and government backed securities	$ 117,899,355	$ 117,899,355	$ -
Government and corporate bonds	38,465,714	25,561,012	12,904,702
Equities	131,386,456	26,815,511	104,570,945
Hedge funds and absolute return funds	63,443,669	-	63,443,669
Private equities	14,220,909	-	14,220,909
Real estate partnerships	26,005,712	-	26,005,712
	$ 391,421,815	$ 170,275,878	$ 221,145,937

The following table presents the fair value hierarchy of investments that are measured at fair value on a recurring basis as of May 31, 2015:

	Total	Level 1	Net Asset Value
Commercial paper, money market funds, foreign currency securities and government backed securities	$ 102,459,639	$ 102,459,639	$ -
Government and corporate bonds	36,553,778	24,078,553	12,475,225
Equities	136,813,149	45,776,305	91,036,844
Hedge funds and absolute return funds	67,892,775	-	67,892,775
Private equities	15,849,951	-	15,849,951
Real estate partnerships	29,969,008	-	29,969,008
	$ 389,538,300	$ 172,314,497	$ 217,223,803

The College uses the NAV per share for purposes of reporting the fair value of all its underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category reported at fair value using a NAV.

The following table lists the redemption terms and unfunded commitments for alternative investments at May 31, 2016:

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Fund	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Fixed income	High quality sovereign bonds	$ 12,904,702	1	N/A	$ -	N/A	Daily to 10 business days notice	N/A	N/A
Equity	Global equities	104,570,945	7	N/A	-	N/A	Daily to 30 days notice	N/A	N/A
Hedge funds and absolute return funds	High growth and long-term capital appreciation	63,443,669	11	N/A	-	N/A	Quarterly within 45 days notice, April 1 with 90 days notice and December 31 with 90 days notice	N/A	N/A
Private equities	High growth private companies and capital appreciation	14,220,909	16	Up to 15 years	9,888,535	Over the life of the funds	Illiquid	N/A	N/A
Real estate partnerships	Real assets and debt investments	26,005,712	11	Up to 10 years	11,045,519	Over the life of the funds	2 funds with daily liquidity, 9 funds are illiquid	N/A	N/A
Total		$ 221,145,937	46		$ 20,934,054				

The following table lists the redemption terms and unfunded commitments for alternative investments at May 31, 2015:

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Fund	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Fixed income	High quality sovereign bonds	$ 12,475,225	1	N/A	$ -	N/A	Daily to 10 business days notice	N/A	N/A
Equity	Global equities	91,036,844	5	N/A	-	N/A	Daily to 30 days notice	N/A	N/A
Hedge funds and absolute return funds	High growth and long-term capital appreciation	67,892,775	11	N/A	-	N/A	Quarterly within 45 days notice, April 1 with 90 days notice and December 31 with 90 days notice	N/A	N/A
Private equities	High growth private companies and capital appreciation	15,849,951	13	Up to 15 years	5,549,652	Over the life of the funds	Illiquid	N/A	N/A
Real estate partnerships	Real assets and debt investments	29,969,008	10	Up to 10 years	8,537,290	Over the life of the funds	2 funds with daily liquidity, 9 funds are illiquid	N/A	N/A
Total		$ 217,223,803	40		$ 14,086,942				

4. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS

The College makes uncollateralized loans to students based on financial need under the Federal Perkins loan program. Student loans are funded through Federal government loan programs or institutional resources. At May 31, 2016 and 2015, student loans represented 1.2% of total assets.

	2016	2015
Federal government programs	$ 10,050,542	$ 9,713,367
Less: Allowance for doubtful accounts:		
Beginning of year	(400,000)	(400,000)
Increase allowance	-	-
End of year	(400,000)	(400,000)
Student loans receivable, net	$ 9,650,542	$ 9,313,367

Of these loan amounts, as of May 31, 2016 and 2015, $6,661,951 and $6,422,966, respectively, are not yet in repayment status.

At May 31, 2016 and 2015, the following amounts were past due under the student loan program:

May 31,	In Default < 240 Days (Monthly Installments) or 270 Days (Other Installments)	In Default > 240 Days (Monthly Installments) or 270 Days (Other Installments) and < 2 Years	In Default > 2 Years, Up To 5 Years	In Default > 5 Years	Total Past Due
2016	$ 499,580	$ 159,388	$ 167,510	$ 182,905	$ 1,009,383
2015	491,858	151,049	139,140	185,525	967,572

The availability of funds for loans under the Federal Perkins loan program is dependent on reimbursement to the pool from repayments on outstanding loans from student loan recipients. Funds advanced by the Federal government of $8,215,711 and $8,276,068 at May 31, 2016 and 2015, respectively, are ultimately refundable to the government and are classified as liabilities on the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans to eligible students and a decrease in the liability to the government.

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consists of the following at May 31, 2016 and 2015:

	2016	2015
Land improvements	$ 3,972,457	$ 3,837,729
Buildings and building improvements	506,796,357	504,606,788
Equipment and software	87,890,099	82,218,638
	598,658,913	590,663,155
Less: Accumulated depreciation	(244,728,232)	(233,287,009)
Land	13,315,694	13,315,694
Property, plant and equipment, net	$ 367,246,375	$ 370,691,840

There were no interest expenses capitalized to construction projects for the years ended May 31, 2016 and 2015.

On March 20, 2006, the College entered into a lease agreement with the Colgate Rochester Crozer Divinity School for approximately 27,000 square feet of dedicated and shared space to house the Rochester base of the College's Physical Therapy Program. The College paid $0 and $42,359, plus pro-rated occupancy expenses under the terms of this lease, for the years ending May 31, 2016 and 2015, respectively. The base term was 10 years with the option for two additional 10-year renewals. As of August 15, 2014, Ithaca College ceased all usage of this space and had paid the remaining lease payments totaling $391,651.

6. DEBT OBLIGATIONS

Debt obligations at May 31, 2016 and 2015 consist of the following:

	Original Principal	Remaining Principal Balance 2016	2015
Tompkins County Industrial Development Agency Ithaca College revenue bonds:			
Series 2004, variable rate demand bonds due 2034 (a)	$ 31,100,000	$ 24,000,000	$ 24,895,000
Series 2005B, variable rate demand bonds due 2026 (b)	40,290,000	37,520,000	38,930,000
Series 2007, 2.00%-5.00% fixed rate bonds refunded September 24, 2016 (net of $68,182 unamortized premium at May 31, 2015 (c)	31,075,000	-	27,123,182
Dormitory Authority of the State of New York ("DASNY") Ithaca College revenue bonds:			
Series 2008, 2.75%-5.00% fixed rate bonds refunded September 24, 2016 (net of $304,120 unamortized premium at May 31, 2015 (d)	38,505,000	-	25,029,120
Tompkins County Development Corporation tax-exempt revenue bonds (Ithaca College Project):			
Series 2011, 3.00%-5.50% fixed rate bonds due 2041 (net of $29,515 and $30,704 unamortized discount at May 31, 2016 and 2015, respectively) (e)	25,905,000	23,975,485	24,469,296
Tompkins County Development Corporation tax-exempt revenue refunding bonds (Ithaca College Project):			
Series 2015, 3.00%-5.00% fixed rate bonds due 2038 (net of $4,837,140 and $- unamortized premium at May 31, 2016 and 2015 respectively) (f)	43,965,000	48,802,140	-
Nationwide Life Insurance Company:			
College Circle Loan #1, 6.78% fixed rate loan maturing in 2033 (g)	19,702,685	17,206,326	17,707,076
College Circle Loan #2, 6.63% fixed rate loan maturing in 2033 (g)	619,173	539,376	555,329
College Circle Loan #3, 7.26% fixed rate loan maturing in 2033 (g)	3,085,787	2,715,748	2,790,767
College Circle Loan #4, 6.80% fixed rate loan maturing in 2033 (g)	4,835,486	4,224,217	4,346,887
	$ 239,083,131	158,983,292	165,846,657
Less: Bond issuance costs		1,830,442	1,491,960
		$ 157,152,850	$ 164,354,697

a. Tompkins County Industrial Development Agency Series 2004

The Series 2004 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance, Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2004 bonds were issued at full face value of $31,100,000 with a variable rate of interest, which is reset on a weekly basis. The interest rate ranged between 0.01% and 0.43% during the year ending May 31, 2016, and 0.02% and 0.11% during the year ending May 31, 2015. A liquidity facility has been provided by HSBC Bank USA ("HSBC"). The proceeds of the issue were used to fund the renovation of the Garden Apartments student housing complex, the design and implementation of a new student information system, the upgrade of the campus electrical infrastructure, and other campus renovation projects.

On April 10, 2008, HSBC issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2004 bonds. The insurance policy issued by XL Capital Assurance, Inc. remains in place and the HSBC liquidity facility is suspended while the Letter of Credit is in effect.

On August 5, 2009, TD Bank, N.A. ("TD Bank"), issued a direct pay Letter of Credit to replace the expiring Letter of Credit previously issued by HSBC, and provided additional credit enhancement for the Series 2004 bonds. The Letter of Credit was scheduled to expire on December 31, 2013. The insurance policy issued by Syncora Guarantee Inc. (formerly known as XL Capital Assurance, Inc.) remains in place.

On December 9, 2013, TD Bank extended its Letter of Credit to expire on December 31, 2018.

Concurrent with the issuance of the Series 2004 bonds, the College entered into an interest rate swap agreement for the notional amount of $10,420,000 with UBS AG wherein the College agreed to pay to UBS AG a fixed rate of interest equal to 3.405% on the Series 2004 bonds and to receive from UBS AG a payment equal to 59% of LIBOR plus 40 basis points (0.659% at May 31, 2016 and 0.509% at May 31, 2015). The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2034. The estimated fair value of the swap at May 31, 2016 and 2015 is $(2,766,616) and $(2,391,758), respectively, and is included as a liability in the accompanying statements of financial position. The unrealized (loss) due to changes in the valuation of the swap amounted to $(374,848) in fiscal 2016 and $(540,702) in fiscal 2015 and is recorded as a nonoperating item in the accompanying statements of activities.

The College made principal payments of $895,000 and $865,000 during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $513,397 and $539,129 on these bonds for the years ended May 31, 2016 and 2015, respectively.

b. Tompkins County Industrial Development Agency Series 2005A and 2005B

The Series 2005 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance, Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2005A bonds were issued at a premium of $254,325, resulting in net proceeds of the Series 2005A and Series 2005B bonds to the College of $49,115,675. The premium is being amortized over the term of the bonds using the effective interest method. The net proceeds of the Series 2005A and Series 2005B bonds were used to advance refund the entire Series 1997 bonds and $5,955,000 of the Series 1998 bonds. The interest rate on the Series 2005B variable rate bonds ranged between 0.65% and 0.83% during fiscal 2016 and 0.63% and 0.65% during fiscal 2015. A liquidity facility for the Series 2005B bonds was provided by HSBC.

On April 10, 2008, HSBC issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2005B bonds which expired April 9, 2009 (see below for renewal). The insurance policy issued by XL Capital Assurance, Inc. remained in place and the HSBC liquidity facility was suspended while the Letter of Credit is in effect.

Concurrent with the issuance of the Series 2005B bonds, the College entered into an interest rate swap agreement for the notional amount of $40,290,000 with Dexia Credit Local ("Dexia") wherein the College agreed to pay Dexia a fixed rate of interest equal to 3.11% on the Series 2005B bonds, and to receive from

Dexia a payment equal to 67% of USD-LIBOR-BBA. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2026.

On August 20, 2009, HSBC extended its Letter of Credit to provide an additional credit enhancement expiring December 13, 2013. Additionally, the College entered into a novation agreement with Bank of America, whereby Bank of America will stand in place of Dexia as the new counterparty for the existing swap agreement for the notional amount of $40,290,000. In consideration of this agreement, the College agreed to pay Bank of America a fixed rate of interest equal to 3.22% on the notional amount, and to receive from Bank of America a payment equal to 67% of USD-LIBOR-BBA (0.294% and 0.123% at May 31, 2016 and 2015, respectively). The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the Series 2005B bonds on July 1, 2026. The estimated fair value of the swap at May 31, 2016 and 2015 was $(5,572,906) and $(5,399,214), respectively, and is included as a liability in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to $(173,692) and $(278,857) for the years ended May 31, 2016 and 2015, respectively, and was recorded as a nonoperating item in the fiscal 2016 and 2015 accompanying statements of activities.

On December 9, 2013, the College converted the Series 2005B bonds from variable rate mode bonds to bank rate mode bonds, whereby TD Bank became the sole holder of these bonds until they expire on July 1, 2026. The College also terminated the bond insurance policy originally issued by XL Capital Assurance, Inc.

The College made principal payments of $1,410,000 and $1,360,000 on the Series 2005A and Series 2005B during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $1,444,172 and $1,497,037 on these bonds for the years ended May 31, 2016 and 2015, respectively.

c. Tompkins County Industrial Development Agency Series 2007

A portion of the proceeds from the sale of new bonds issued on September 24, 2015 were used to refund the Series 2007 Bonds. Refer to Note 6(*f*) for additional information.

The Series 2007 bonds were special limited obligations secured by a guarantee of the College and an insurance policy issued by XL Capital Assurance, Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2007 bonds were issued at full face value of $31,075,000 and bear interest at the seven-day auction rate from issuance until May 7, 2008. On April 29, 2008, HSBC issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2007 bonds and the College converted the bonds to weekly variable rate demand bonds from auction rate securities. The XL Capital Assurance, Inc. insurance policy remained in place. The proceeds of the issuance were used to fund various capital projects including the construction of a new administrative office building, the completion of construction of the Park Center, and the renovation of certain other existing College facilities.

In anticipation of issuing additional bonds in fiscal 2007, on September 13, 2005, the College entered into a forward interest rate swap agreement with Dexia for a notional amount of $12,000,000. Under the terms of the agreement, which commenced on November 1, 2007, the College agreed to pay Dexia a fixed rate of interest of 3.288% and to receive from Dexia a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a weekly basis. The agreement expires coincident with the anticipated maturity of the bonds on July 1, 2037.

Concurrent with the issuance of the Series 2007 bonds, the College entered into an interest rate swap agreement for the notional amount of $19,075,000 with Royal Bank of Canada (RBC) wherein the College agreed to pay to RBC a fixed rate of interest equal to 3.721% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA (0.2940% and 0.1208% at May 31, 2016 and 2015, respectively). The interest rate to be received by the College will be reset on a monthly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2037. The estimated fair value of the swap was $(4,264,401) and $(3,895,979) at May 31, 2016 and 2015, respectively, and is included as a liability in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to $(368,422) in fiscal 2016 and $(556,234) in fiscal 2015 and was recorded as a nonoperating item in the accompanying statements of activities.

On August 20, 2009, the College converted the Series 2007 bonds to intermediate term fixed rate bonds with a maturity of July 1, 2016, and terminated the bond insurance policy originally issued by XL Capital Assurance, Inc. The Series 2007 bonds were issued at a premium of $999,994, and beared interest at a fixed rate ranging from 2% to 5% until maturity. Additionally, the College entered into a novation agreement with RBC, whereby RBC will stand in place of Dexia as the new counterparty for the existing swap agreement for the notional amount of $11,565,000. In consideration of this agreement, the College agreed to pay RBC a fixed rate of interest equal to 3.398% on the notional amount, and to receive from RBC a payment equal to 67% of USD-LIBOR-BBA (0.2942% and 0.1229% at May 31, 2016 and 2015, respectively). The interest rate received by the College is reset on a weekly basis. The estimated fair value of the swap on May 31, 2016 and 2015 was $(2,480,363) and $(2,214,486), respectively, and is included as a liability in the accompanying statements of financial position. The unrealized (loss) due to changes in the valuation of the swap amounted to $(265,877) in fiscal 2016 and $(393,971) in fiscal 2015, and was recorded as a nonoperating item in the accompanying statements of activities.

The College also entered into two fixed receiver swap agreements with RBC in an effort to counterbalance the existing fixed payer swaps currently held on the Series 2007 bonds. Under these agreements, the College agreed to pay RBC a variable rate of interest equal to 67% of USD-LIBOR-BBA (0.2942% and 0.1229% at May 31, 2016 and 2015, respectively), and to receive from RBC a fixed rate of 2.046% on the notional amount of $11,565,000. The estimated fair value of this swap on May 31, 2016 and 2015 was $28,314 and $209,436, respectively, and is included as an asset in the accompanying statements of financial position. The unrealized (loss) due to the changes in the valuation of this swap amounted to $(181,122) in fiscal 2016 and $(175,741) in fiscal 2015, and was recorded as a nonoperating item in the accompanying statements of activities. With the second fixed receiver swap, the College agreed to pay a variable rate of interest equal to 67% of USD-LIBOR-BBA (0.2940% and 0.1208% at May 31, 2016 and 2015, respectively), and to receive from RBC a fixed rate of 2.052% on the notional amount of $18,360,000. The estimated fair value of the swap on May 31, 2016 and 2015 was $45,940 and $329,504, respectively, and is included as an asset in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to $(283,564) in fiscal 2016 and $(277,095) in fiscal 2015, and was recorded as a nonoperating item in the accompanying statements of activities. The interest rate paid by the College on these swaps is reset on a weekly basis. These agreements expire coincident with the maturity of the bonds on July 1, 2016.

The College made principal payments of $27,055,000 and $500,000 during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $711,104 and $1,615,577 on these bonds for the years ended May 31, 2016 and 2015, respectively.

d. DASNY Series 2008 Revenue Bonds

A portion of the proceeds from the sale of new bonds issued on September 24, 2015 were used to refund the Series 2008 Bonds. Refer to Note 6*(f)* for additional information.

The Series 2008 bonds are special limited obligations secured by a guarantee of the College and a pledge of revenues consisting of an aggregate amount of tuition and fees equal to the maximum amount of principal and interest due during any one year. The bonds are further secured by a mortgage on Phillips Hall, Egbert Hall, and the College Bookstore.

The Series 2008 bonds were issued at full face value of $38,505,000 with a variable rate of interest, which is reset on a weekly basis. The proceeds of the Series 2008 bonds were used to advance refund the outstanding maturities of the Series 1998 bonds and to fund various renovation projects throughout the College's campus. Citizens Bank issued a direct-pay Letter of Credit to guarantee timely payment of principal and interest on the bonds.

In anticipation of issuing additional bonds in fiscal 2008, on February 28, 2007, the College entered into a forward interest rate swap agreement with RBC, amended on May 20, 2008 to a notional amount of $38,505,000 and a termination date of July 1, 2038 (the "2008 transaction"). The College agreed to pay RBC a fixed rate of interest of 3.447% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA (0.1208% at May 31, 2015). The interest rate to be received by the College will be reset on a weekly basis.

On December 2, 2015, the College and RBC terminated the 2008 transaction. The college recognized a nonoperating expense of $2,757,160 for the year ending May 31, 2016. The estimated fair value of the swap was $(2,944,890) on May 31, 2015, and is included as a liability in the accompanying statements of financial position. The unrealized gain due to the change in the valuation of the swap amounted to $256,059 for the year ending May 31, 2015, respectively and was recorded as a nonoperating gain in the accompanying statements of activities.

On September 17, 2009, the College converted the Series 2008 bonds to intermediate term fixed rate bonds maturing July 1, 2017. The Series 2008 bonds were issued at a premium of $1,823,147 and will bear interest at a fixed rate ranging from 2.75% to 5.00% until maturity. Additionally, the College entered into a fixed receiver swap agreement with RBC in an effort to counterbalance the existing fixed payer swap held on the Series 2008 bonds. Under this agreement, the College agreed to pay RBC a variable rate of interest equal to 67% of USD-LIBOR-BBA (0.1208% at May 31, 2015), and to receive from RBC a fixed rate of 1.864% on the notional amount of $36,415,000. The interest rate paid by the College is reset on a weekly basis.

On December 2, 2015, the College and RBC terminated the 2008 transaction. The college recognized a nonoperating gain of $588,060 for the year ended May 31, 2016. The estimated fair value of the swap was $771,302 at May 31, 2015 and is included as an asset in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to $(322,474) for the year ended May 31, 2015, and was recorded as a nonoperating expense in the accompanying statements of activities.

The College made principal payments of $24,725,000 and $2,410,000 during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $419,901 and $1,462,348 on these bonds for the years ended May 31, 2016 and 2015, respectively.

e. Tompkins County Development Corporation Series 2011

The Series 2011 bonds are special limited obligations secured by a guarantee of the College and an insurance policy issued by Assured Guaranty Municipal Corp. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2011 bonds were issued at a face value of $25,905,000 and a discount of $35,658, resulting in net proceeds to the College of $25,869,342. The discount is being amortized over the term of the bonds, using the straight line method. The bonds bear interest at a fixed rate ranging from 3.00% to 5.50%. The proceeds of the Series 2011 bonds were used towards the purchase and expansion of the College Circle Apartments.

The College made principal payments of $495,000 and $480,000 during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $1,239,905 and $1,261,653 on these bonds for the years ended May 31, 2016 and 2015, respectively.

f. Tompkins County Development Corporation Series 2015

On September 24, 2015, the College issued $43,965,000 of Tompkins County Development Corporation Tax-Exempt Revenue Refunding Bonds (Ithaca College Project), Series 2015 (the "Series 2015 Bonds"). The Series 2015 Bonds were issued at a premium of $5,185,749. The premium is being amortized over the term of the bonds, using the straight line method. The bonds bear interest at a fixed rate ranging from 3.00% to 5.00%. The proceeds from the sale of the Series 2015 Bonds were used to refund the Series 2007 Bonds and Series 2008 Bonds and pay the costs of issuance of the Series 2015 Bonds. The Series 2015 Bonds are secured in part by the College's pledged revenues. See Note 6*c* and 6*d* for additional information.

In December 2015, the College entered into two fixed receiver swap agreements with RBC. Under the first fixed receiver swap agreement, the College agreed to pay RBC a variable rate of interest equal to 67% of USD-LIBOR-BBA (0.2942% at May 31, 2016), and to receive from RBC a fixed rate of 1.3660% on the notional amount of $9,805,000. The estimated fair value of this swap on May 31, 2016 was $221,085 and is included as an asset in the accompanying statements of financial position. The unrealized gain due to the changes in the valuation of this swap amounted to $221,085 in fiscal 2016 is recorded as a nonoperating item in the accompanying statements of activities. With the second fixed receiver swap, the College agreed to pay RBC a variable rate of interest equal to 67% of USD-LIBOR-BBA (0.2942% at May 31, 2016), and to receive from RBC a fixed rate of 1.3760% on the notional amount of $15,220,000. The estimated fair value of this swap on May 31, 2016 was $340,396 and is included as an asset in the accompanying statements of financial position. The unrealized gain due to the changes in the valuation of this swap amounted to $340,396 in fiscal 2016 is recorded as a nonoperating item in the accompanying statements of activities. The interest rate paid by the College on these swaps is reset on a weekly basis. These agreements expire coincident with the maturity of the bonds on July 1, 2037.

The College made principal payments of $0 during the year ended May 31, 2016, and recognized interest expense of $1,151,849 on these bonds for the year ended May 31, 2016.

g. Nationwide Life Insurance Company

The College Circle loans consist of four separate loans that are special limited obligations secured by a guarantee of the College and a mortgage on the Circle Apartments.

On July 8, 2010, the College purchased land and building improvements from College Circle Associates, LLC ("CCA") and South Hill Land Associates, LLC ("SHLA") for a total purchase price of $45,000,000, which consisted of a cash payment of $9,756,869, the assumption of four loans with Nationwide Life Insurance Company for $28,243,131, and a Promissory Note to SHLA for $7,000,000 which was paid on November 30, 2010. The assumed debt with Nationwide Life Insurance Company is comprised of four separate loans, that bear interest at fixed rates ranging from 6.63% to 7.26%, all maturing in the year 2033.

The College recorded the value of the property acquired based on the fair value of the debt assumed, plus the cash payment of $16,756,869 and is depreciating the buildings over their remaining estimated useful life, 52 years.

The College made principal payments of $714,393 and $667,355 during the years ended May 31, 2016 and 2015, respectively, and incurred interest expense of $1,713,466 and $1,760,503 on these loans for the years ended May 31, 2016 and 2015, respectively.

h. Other Debt Disclosures

Under the terms of the bond agreements, the College is required to maintain compliance with certain financial ratios. As of May 31, 2016 and 2015, the College was in compliance with the required financial ratios.

As described above, the College has entered into interest rate swap agreements relating to each of its variable rate bond issues, wherein the College agrees to pay a counterparty a fixed interest rate and the counterparty agrees to pay the College a variable interest rate intended to approximate the variable rate on the College's bonds. The College's swaps are considered Level 2 instruments within the FASB's fair value hierarchy. The fair value of the interest rate swaps, as described above, is based upon the expected future cash flows discounted at the market rate. For swaps that have collateral provisions, no credit spread is utilized when computing the fair value.

The fair value of assets comprised of interest rate swap agreements as of May 31, 2016 and 2015 on the accompanying statements of financial position are as follows:

Counterparties	Notional Amount at May 31, 2016	2016	2015	Level
UBS AG	$ 10,085,000	$ 28,314	$ 209,436	2
Bank of America	15,715,000	45,940	329,504	2
RBC	-	-	771,302	2
RBC	15,220,000	340,396	-	2
RBC	9,805,000	221,085	-	
		$ 635,735	$ 1,310,242	

The fair value of liabilities comprised of interest rate swap agreements as of May 31, 2016 and 2015 on the accompanying statements of financial position are as follows:

Counterparties	Notional Amount at May 31, 2016	2016	2015	Level
UBS AG	$ 10,420,000	$ 2,766,616	$ 2,391,758	2
Bank of America	37,520,000	5,572,906	5,399,214	2
RBC	10,085,000	2,480,363	2,214,486	2
RBC	15,715,000	4,264,401	3,895,979	2
RBC	-	-	2,944,890	2
		$ 15,084,286	$ 16,846,327	

The change in fair value of interest rate swap agreements included on the accompanying statements of activities is as follows:

	Amount of Gain (Loss) Recognized in the Statements of Activities	
Counterparty	2016	2015
RBC	$ (181,122)	$ (175,741)
RBC	(283,564)	(277,095)
RBC	(771,302)	(322,474)
RBC	340,396	-
RBC	221,085	-
UBS AG	(374,858)	(540,702)
Bank of America	(173,692)	(278,857)
RBC	(265,877)	(393,971)
RBC	(368,422)	(556,234)
RBC	2,944,890	256,059
	$ 1,087,534	$ (2,289,015)

Required principal payments due on all debt obligations during the next five fiscal years and in total thereafter are as follows:

Year ending May 31:	
2017	$ 6,199,747
2018	7,168,652
2019	7,456,359
2020	7,793,136
2021	8,129,270
Thereafter	117,428,502
	154,175,666
Plus: Unamortized bond premium, net	4,807,626
Less: Bond issuance costs	(1,830,442)
Total debt obligations	$ 157,152,850

7. BENEFIT PLANS

Retirement Annuity Plan

Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plans which are immediately vested for the benefit of the participants.

There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of employees' salaries. College contributions to the TIAA/CREF plan amounted to $6,777,638 and $6,671,277 for the years ended May 31, 2016 and 2015, respectively.

Postretirement Benefits

The College sponsors two defined benefit postretirement plans (collectively, the "Postretirement Plan"). One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Aetna Open Access POSII and Aetna High Deductible Health Plans upon retirement from the College. The postretirement health care plan is noncontributory for employees with dates of hire prior to January 1, 2007 and contributory for employees with dates of hire after January 1, 2007. The life insurance plan is noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are unfunded.

The Medicare Modernization Act of 2003 (the "Act") was enacted into law on December 8, 2003. The Act provides a prescription benefit for Medicare eligible retirees under Part D. The Act also provides a subsidy to employers who already provide a prescription drug benefit that is equivalent to the Medicare Part D Benefit. The effect of the subsidy on the College's obligations had no impact on the expense and obligations for 2016 and 2015.

The actuarial present value of benefit obligations recognized on the accompanying statements of financial position at May 31, 2016 and 2015 are as follows:

	Postretirement Plan	
	2016	2015
Change in benefit obligation:		
Benefit obligation, beginning of year	$ (14,377,000)	$ (10,636,652)
Service cost	(515,910)	(405,835)
Interest cost	(620,225)	(529,299)
Plan participants' contributions	(9,271)	(22,491)
Actuarial gain (loss)	500,780	(3,635,665)
Benefits paid	625,260	852,942
Benefit obligation, end of year	$ (14,396,366)	$ (14,377,000)
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	615,989	830,451
Plan participants' contributions	9,271	22,491
Benefits paid	(625,260)	(852,942)
Fair value of plan assets, end of year	$ -	$ -

	Postretirement Plan	
	2016	2015
Components of accrued benefit cost:		
Funded status	$ (14,396,366)	$ (14,377,000)
Unrecognized transition obligation	-	-
Unrecognized prior service cost	792	1,783
Unrecognized actuarial net loss	4,556,699	5,281,328
Accrued benefit cost	$ (9,838,875)	$ (9,093,889)
Components of net periodic benefit cost:		
Service cost	$ 515,910	$ 405,835
Interest cost	620,225	529,299
Amortization of transition obligation	-	-
Amortization of unrecognized prior service costs	991	991
Amortization of net loss	223,849	59,953
Net periodic benefit cost	$ 1,360,975	$ 996,078

	Postretirement Plan	
	2016	**2015**
Weighted-average assumptions as of May 31:		
Discount rate for benefit obligation at year-end	4.54%	4.73%
Discount rate for net periodic benefit cost at year-end	4.73%	5.06%
Expected return on plan assets	N/A	N/A
Amounts recognized in the statements of financial position consist of:		
Accrued benefit liability	$ (14,396,366)	$ (14,377,000)
Amounts in unrestricted net assets expected to be recognized in net periodic benefits cost:		
Amortized transition obligation	$ -	$ -
Amortized prior service cost	991	991
Amortized net gain	223,849	59,953
Total amount recognized	$ 224,840	$ 60,944

For measurement purposes, a 7.5% annual rate of increase in the per capita cost of covered medical benefits and a 11.0% annual rate of increase in the per capita cost of covered prescription drug benefits were assumed for 2016 for the Aetna Access POSII and Aetna High Deductible Health Plans. These rates were assumed to decrease gradually to 3.886% by 2075, and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in the health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 142,218	$ (120,205)
Effect on postretirement benefit obligation	1,203,456	(1,060,140)

Projected cash outflows for the years ending May 31st are as follows:

2017	$ 991,847
2018	980,938
2019	955,570
2020	957,998
2021	1,065,468
Years 2022 - 2026	5,710,468

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions described below were used to estimate the fair value of each financial instrument for which it is practicable to estimate that value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the respective financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents, Accounts Receivable, Contributions Receivable, Accounts Payable and Accrued Expenses and Deposits and Deferred Revenues

The carrying amounts reported in the statements of financial position approximate fair value.

Short-Term and Long-Term Investments

Short-term and long-term investments reported in the statements of financial position are reported at fair value. Fair value is determined based on quoted market prices, except with respect to investment values assigned to limited partnership and similar interests, which are generally based on estimates and assumptions determined by the respective general partners and investment managers.

Notes Receivable

The fair value of notes receivable from students under federal government financial assistance programs could not be reasonably estimated because the notes are not saleable and can only be assigned to the federal government or its designees. Therefore, the loans are stated at the amount of principal outstanding, less an appropriate reserve for potentially uncollectible accounts. The loans' maturities range from one to ten years and have stated interest rates ranging from approximately 3% to 6%.

Debt Obligations

Rates currently available to the College for debt with similar terms and maturities are used to estimate fair value of existing debt.

The estimated fair value of the College's debt obligations as of May 31, 2016 is summarized as follows:

	Carrying Amount	Estimated Fair Value
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	$ 24,000,000	$ 24,000,000
Series 2005B	37,520,000	37,520,000
Tompkins County Development Corporation Ithaca College insured revenue bonds:		
Series 2011	23,975,485	27,459,456
Series 2015	48,802,140	50,463,702
Nationwide Life Insurance Company:		
College Circle Loan #1	17,206,326	17,206,326
College Circle Loan #2	539,376	539,376
College Circle Loan #3	2,715,748	2,715,748
College Circle Loan #4	4,224,217	4,224,217
	158,983,292	$ 164,128,825
Less: Bond issuance costs	(1,830,442)	
	$ 157,152,850	

The estimated fair value of the College's debt obligations as of May 31, 2015 is summarized as follows:

	Carrying Amount	Estimated Fair Value
Dormitory Authority of the State of New York Ithaca College insured revenue bonds:		
Series 2008	$ 25,029,120	$ 24,819,794
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	24,895,000	24,895,000
Series 2005B	38,930,000	38,930,000
Series 2007	27,123,182	27,160,877
Tompkins County Development Corporation Ithaca College insured revenue bonds:		
Series 2011	24,469,296	26,838,414
Nationwide Life Insurance Company:		
College Circle Loan #1	17,707,076	17,707,076
College Circle Loan #2	555,329	555,329
College Circle Loan #3	2,790,767	2,790,767
College Circle Loan #4	4,346,887	4,346,887
	165,846,657	$ 168,044,144
Less: Bond issuance costs	(1,491,960)	
	$ 164,354,697	

9. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations ("ARO's") are legal obligations associated with the eventual retirement of long-lived assets. These liabilities, which for the College primarily relate to the cost of asbestos and lead paint abatement, were initially recorded at fair value and the related asset retirement costs capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Significant assumptions utilized in the determination of such obligations include the selection of relevant discount factors, which articulate with the timing of performance related to the respective project, inflation factors, and the probabilities assigned to cost estimates. Asset retirement costs are subsequently depreciated over the estimated useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

The cost of the abatement was estimated following a site-specific survey of the campus. The abatement projects, to which the adjustment pertains, consist principally of asbestos and lead removal and are expected to be completed by fiscal 2024.

The following table represents the activity for the ARO's for the years ended May 31, 2016 and 2015:

	2016	2015
Beginning of year	$ 1,030,612	$ 998,274
Obligations settled during the period	(86,515)	(2,271)
Accretion expense	36,512	34,609
End of year	$ 980,609	$ 1,030,612

10. ENDOWMENT

The College's endowment consists of approximately 410 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the College's Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments (quasi-endowments), are classified and reported based on the existence or absence of donor-imposed restrictions. The College has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the College's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment, exclusive of gift additions. The College's primary investment objective is to maximize total return within reasonable and prudent levels of risk, while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various types of investment instruments and strategies to help reduce risk.

In September 2010, the State of New York passed NYPMIFA, its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). It was effective for the College's 2011 fiscal year and all not-for-profit organizations formed in New York must apply this law.

The College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees of the College in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the College and its donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the College;
(7) The investment policies of the College; and,
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects of the College.

The following table summarizes endowment net asset composition, by type of fund, as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (454,349)	$ 31,994,658	$ 50,643,828	$ 82,184,137
Board-designated endowment funds	187,584,492	-	-	187,584,492
Total funds	$ 187,130,143	$ 31,994,658	$ 50,643,828	$ 269,768,629

The following table summarizes endowment net asset composition, by type of fund, as of May 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (15,196)	$ 38,439,153	$ 48,391,413	$ 86,815,370
Board-designated endowment funds	202,709,284	-	-	202,709,284
Total funds	$ 202,694,088	$ 38,439,153	$ 48,391,413	$ 289,524,654

The following table summarizes the changes in endowment net assets for the fiscal year 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 202,694,088	$ 38,439,153	$ 48,391,413	$ 289,524,654
Contributions and bequests	42,381	12,301	2,252,415	2,307,097
Appropriation of endowment assets for expenditure	(6,805,233)	(2,728,010)	-	(9,533,243)
Investment return	(8,008,084)	(3,976,701)	-	(11,984,785)
Other, primarily net assets released from restrictions and redesignations	(793,009)	247,915	-	(545,094)
Endowment net assets, end of year	$ 187,130,143	$ 31,994,658	$ 50,643,828	$ 269,768,629

The following table summarizes the changes in endowment net assets for the fiscal year 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 190,023,686	$ 38,614,584	$ 39,813,017	$ 268,451,287
Contributions and bequests	71,599	(850,782)	8,578,396	7,799,213
Appropriation of endowment assets for expenditure	(6,095,639)	(2,446,979)	-	(8,542,618)
Investment return	9,199,628	3,140,186	-	12,339,814
Other, primarily net assets released from restrictions and redesignations	9,494,814	(17,856)	-	9,476,958
Endowment net assets, end of year	$ 202,694,088	$ 38,439,153	$ 48,391,413	$ 289,524,654

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in unrestricted net assets totaled $454,349 and $15,196, at May 31, 2016 and 2015, respectively. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the College's Board of Trustees.

11. COMMITMENTS AND CONTINGENCIES

The College has entered into numerous noncancellable operating lease agreements and other agreements for office space and equipment. Commitments under such agreements provide for minimum annual payments as follows:

Year ending May 31:	Amount
2017	$ 1,252,249
2018	781,158
2019	542,283
2020	433,620
2021	156,180
Thereafter	1,435,395
	$ 4,600,885

Rental expense for all operating leases totaled $1,711,713 and $1,923,709 for the years ended May 31, 2016 and 2015, respectively.

As of May 31, 2016, the College had entered into renovation and construction contracts and commitments totaling $5,747,121.

From 2000 through 2007, the College provided its students access to the Gate Student Loan Program to assist them in financing their educational experience at the College. The loans taken out under this program by the students, which are held by National Collegiate Trusts and administered by First Marblehead Data Services, are repayable over a maximum of 20 years. Under the terms of the program,

the College guarantees to cover defaults up to a specified maximum amount, ranging from 19% to 33% of the outstanding loan balance. As of May 31, 2016 and 2015, students had outstanding loans under the program of $9,708,203 and $11,668,426, respectively, and the College's maximum unfunded default pledge obligation was $3,229,458 and $3,241,361, respectively. Based on actual default experience, as of May 31, 2016, the College has included in its liabilities a provision of $300,000 and $750,000 as of May 31, 2016 and 2015, respectively, for defaults on Gate Loans.

As a result of the resolution agreement with the Department of Education Office of Civil Rights executed on August 4, 2015, the College is committed to completing certain remediations to its campus, in accordance with the Americans with Disabilities Act, within a two-year timeframe. As of May 31, 2016, the College does not have a basis on which to project the estimated cost resulting from the resolution agreement. Accordingly, the College has not included a reserve for such amounts on the accompanying statement of financial position.

In December 2015, the College entered into a twenty five year solar power purchase agreement with Finger Lakes Solar 1, LLC (the "Provider"). The Provider will furnish, install, maintain and own solar electric generating facilities (e.g., solar panels, meters, monitoring equipment, etc.) at the College. The College has agreed to purchase all of the electricity produced by these solar facilities according to the terms set forth in the agreement with the Provider. After the initial term of the agreement, the agreement will automatically renew for one-year terms, unless a written notice of non-renewal is given by either party to the transaction. The College has the right to unilaterally terminate the agreement for any reason, with no less than ninety (90) days notice and would be required to pay an early termination fee ranging from approximately $8 million in the first year to $2.7 million in the twenty-fifth year or thereafter.

In the normal course of its operations, the College is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the College is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the College's financial position, changes in net assets or cash flows.

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Direct:				
Federal Supplemental Educational Opportunity Grants	84.007	-	$ 676,954	$ -
Federal Work Study Program	84.033	-	512,853	-
Federal Pell Grant Program	84.063	-	5,565,319	-
Federal Perkins Loan Program	84.038	-	11,660,926	-
Federal Direct Loan Program	84.268	-	46,805,365	-
Total Student Financial Assistance Cluster			65,221,417	-
Research and Development Cluster:				
National Air and Space Administration:				
Pass-through from the Universities of Space Research Association:				
Science - FORECAST Grism Mode Spectroscopy	43.001	NAS2-97001	19,030	-
Pass-through from the University of Arizona:				
Science - OSIRIS Rex	43.001	NMN10AA11C	130,032	4,607
Total National Air and Space Administration			149,062	4,607
National Science Foundation:				
Direct:				
Mathematical and Physical Sciences	47.049	-	53,523	-
Computer and Information Science and Engineering	47.070	-	33,878	-
Social, Behavioral, and Economic Sciences	47.075	-	60,862	-
Robotic Assisted Locomotor Experience	47.075	-	115,290	-
Education and Human Resources	47.076	-	288,311	-
Total National Science Foundation			551,864	-
U.S. Department of Health and Human Services:				
Pass-through from the University of Rochester:				
PPHF Geriatric Education Centers	93.969	5 UB4 HP19204	5,868	-
Geriatrics Workforce Enhancement Program	93.969	1 U1QHP28783	53,977	-
Total U.S. Department of Health and Human Services			59,845	-
Department of State:				
Direct:				
American Embassy - Voices of Partition	19.501	-	33,353	4,203
Total Department of State			33,353	4,203
Department of the Interior:				
Pass-through from Cornell University:				
Assistance to State Water Resources Research Institutes	15.805	G11AP20096	14,485	-
Total Department of the Interior			14,485	-
Total Research and Development Cluster			808,609	8,810

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Other Federal Awards:				
Department of Defense:				
Direct:				
Reserve Officer Training Program ("ROTC") Scholarships	12.XXX	-	181,832	-
National Security Agency - American Institute of Mathematics	12.901		676	-
Corporation for National and Community Service:				
Direct:				
Americorps	94.006	-	28,820	-
Total Other Federal Awards			211,328	-
Total Expenditures of Federal Awards			$ 66,241,354	$ 8,810

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ithaca College (the "College") under programs of the federal government for the year ended May 31, 2016 and is prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2. STUDENT LOAN PROGRAMS

The federal student loan program listed below is administered directly by the College, and balances and transactions relating to this program are included in the College's financial statements. Loan activities and balances consist of the following:

Cluster/Program Title	Federal CFDA Number	Balance as of June 1, 2015	Loans Issued	Payments Received	Balance as of May 31, 2016
Federal Perkins Loan Program	84.038	$ 9,713,367	1,947,559	(1,610,384)	$ 10,050,542

3. FEDERAL DIRECT LOANS

Federally-guaranteed loans distributed to students of the College through the William D. Ford Federal Direct Loan Program during the year ended June 30, 2016 are summarized as follows. The value of outstanding federal Perkins loans at May 31, 2016 consist of:

Cluster/Program Title	Federal CFDA Number	Loans Distributed
Federal Direct Loan Program	84.268	$ 46,805,365

These distributions and related funding sources are not included in the College's financial statements.

4. INDIRECT COST RATE

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Ithaca College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ithaca College (the "College") which comprise the statement of financial position as of May 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2016.

Internal control over financial reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
October 28, 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Ithaca College:

Report on compliance for each major federal program
We have audited the compliance of Ithaca College (the "College") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended May 31, 2016. The College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Our audit of, and opinion on, the College's compliance for each major federal program does not include the compliance requirements governing student loan repayments under the Student Financial Assistance Cluster because the College engaged Educational Computer Services, Inc. to perform these compliance activities. This third-party servicer has obtained a compliance examination from another practitioner for the year ending June 30, 2016 in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*.

Management's responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the College's federal programs.

Auditor's responsibility
Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to

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obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2016.

Report on internal control over compliance

Management of the College is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each of its major federal programs to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
January 20, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes _X_ none reported
- Noncompliance material to financial statements noted? ___ yes _X_ no

Federal awards:

Internal control over the major programs:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes _X_ none reported

Type of auditors' report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Subpart F, section 200.516 of the Uniform Guidance? ___ yes _X_ no

Identification of the major programs:

Program or Cluster Title	Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268
Research and Development Cluster	Various

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _X_ yes __ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Independent Auditors' Reports as Required by Title *2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards* and Related Information

ITHACA COLLEGE

May 31, 2017 and 2016

ITHACA COLLEGE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Ithaca College:

Report on the financial statements
We have audited the accompanying financial statements of Ithaca College (the "College"), which comprise the statements of financial position as of May 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca College, as of May 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report, dated October 26, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
October 26, 2017

ITHACA COLLEGE
Statements of Financial Position
As of May 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 33,778,229	$ 12,110,301
Short-term investments	98,426,817	114,021,337
Accounts receivable, net of allowances of $200,000 in 2017 and 2016	2,630,594	2,434,552
Inventories, deferred charges and prepaid expenses	3,124,077	3,177,058
Contributions receivable, net	4,341,799	4,538,313
Notes receivable, net of allowances of $400,000 in 2017 and 2016	9,704,254	9,650,542
Long-term investments	300,715,519	267,328,459
Interest rate swap agreements	-	635,735
Property, plant and equipment, net	372,551,667	367,246,375
Total assets	$ 825,272,956	$ 781,142,672
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 30,537,278	$ 25,751,419
Deposits and deferred revenues	7,343,242	7,868,167
Debt obligations, net	150,694,880	157,152,850
Conditional asset retirement obligations	841,086	980,609
U.S. Government grants refundable	8,178,681	8,215,711
Interest rate swap agreements	11,848,057	15,084,286
Postretirement benefit obligation	13,774,684	14,396,366
Total liabilities	223,217,908	229,449,408
Commitments and contingencies		
NET ASSETS		
UNRESTRICTED		
Current operations	56,256,721	55,307,532
Matching funds under Federal Government loan program	2,044,976	1,688,393
Quasi-endowment	208,824,095	187,130,143
Debt service, property, plant and equipment renewal and replacement funds	27,973,943	27,614,639
Net investment in property, plant and equipment	154,491,729	140,994,783
Interest rate swap agreements	(11,848,057)	(14,448,551)
Total unrestricted	437,743,407	398,286,939
TEMPORARILY RESTRICTED		
Current operations and temporarily restricted pledges	2,572,481	1,669,097
Temporarily restricted endowments	40,982,334	31,758,659
Split-interest agreements	390,660	235,999
Property, plant and equipment purposes	67,365,058	69,098,742
Total temporarily restricted	111,310,533	102,762,497
PERMANENTLY RESTRICTED		
Endowment	50,909,090	48,439,657
Permanently restricted pledges	2,092,018	2,204,171
Total permanently restricted	53,001,108	50,643,828
Total net assets	602,055,048	551,693,264
Total liabilities and net assets	$ 825,272,956	$ 781,142,672

The accompanying notes are an integral part of these financial statements.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 272,060,285	$ -	$ -	$ 272,060,285
Less financial aid	(121,794,191)	-	-	(121,794,191)
Net tuition and fees	150,266,094	-	-	150,266,094
Sales of auxiliary services	70,123,265	-	-	70,123,265
Investment income	884,774	284,272	-	1,169,046
Private gifts and grants	5,375,538	1,050,769	-	6,426,307
Federal grants and contracts	2,260,788	-	-	2,260,788
State appropriations	1,132,787	-	-	1,132,787
Sales and services of educational departments	3,898,745	-	-	3,898,745
Other revenues	319,583	18,000	-	337,583
Net investment return designated for operations	10,962,476	-	-	10,962,476
Net assets released from restrictions for facilities	1,322,431	-	-	1,322,431
Net assets released from restrictions for operating and program purposes	721,568	(721,568)	-	-
Total operating revenues and support	247,268,049	631,473	-	247,899,522
OPERATING EXPENSES				
Instruction, research and public service	94,515,670	-	-	94,515,670
Academic support	21,120,658	-	-	21,120,658
Student services	27,519,034	-	-	27,519,034
Institutional support	39,727,932	-	-	39,727,932
Auxiliary activities	43,406,373	-	-	43,406,373
Total expenses	226,289,667	-	-	226,289,667
Increase in net assets from operating activities	20,978,382	631,473	-	21,609,855
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,322,431)	-	(1,322,431)
Net assets released from restrictions for nonoperating purposes and redesignations	(2,137,951)	2,077,752	60,199	-
Capital gifts and other additions	1,274,488	21,894	2,297,081	3,593,463
Write off of capital gifts and other additions	(5,500)	-	-	(5,500)
Investment return	23,497,744	10,317,313	-	33,815,057
Net investment return designated for operations	(7,784,511)	(3,177,965)	-	(10,962,476)
Postretirement benefits expense other than net periodic benefit cost	1,033,322	-	-	1,033,322
Change in fair value of interest rate swap agreements	2,600,494	-	-	2,600,494
Increase in net assets from nonoperating activities	18,478,086	7,916,563	2,357,280	28,751,929
Changes in net assets	39,456,468	8,548,036	2,357,280	50,361,784
Net assets, beginning of year	398,286,939	102,762,497	50,643,828	551,693,264
Net assets, end of year	$ 437,743,407	$ 111,310,533	$ 53,001,108	$ 602,055,048

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 267,632,976	$ -	$ -	$ 267,632,976
Less financial aid	(116,671,204)	-	-	(116,671,204)
Net tuition and fees	150,961,772	-	-	150,961,772
Sales of auxiliary services	69,312,205	-	-	69,312,205
Investment income	1,483,425	76,326	-	1,559,751
Private gifts and grants	5,628,459	947,215	-	6,575,674
Federal grants and contracts	1,999,090	-	-	1,999,090
State appropriations	1,001,231	-	-	1,001,231
Sales and services of educational departments	5,171,393	-	-	5,171,393
Other revenues	277,163	-	-	277,163
Net investment return designated for operations	9,533,243	-	-	9,533,243
Net assets released from restrictions for facilities	1,322,202	-	-	1,322,202
Net assets released from restrictions for operating and program purposes	410,218	(410,218)	-	-
Total operating revenues and support	247,100,401	613,323	-	247,713,724
OPERATING EXPENSES				
Instruction, research and public service	92,713,953	-	-	92,713,953
Academic support	21,996,314	-	-	21,996,314
Student services	27,450,266	-	-	27,450,266
Institutional support	35,203,837	-	-	35,203,837
Auxiliary activities	41,164,211	-	-	41,164,211
Total expenses	218,528,581	-	-	218,528,581
Increase in net assets from operating activities	28,571,820	613,323	-	29,185,143
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,322,202)	-	(1,322,202)
Net assets released from restrictions for nonoperating purposes	38,595	(38,595)	-	-
Capital gifts and other additions	77,760	12,301	2,252,415	2,342,476
Write off of capital gifts and other additions	-	(9,116)	-	(9,116)
Investment return	(8,008,084)	(3,976,701)	-	(11,984,785)
Net investment return designated for operations	(6,805,233)	(2,728,010)	-	(9,533,243)
Postretirement benefits expense other than net periodic benefit cost	725,620	-	-	725,620
Gain on bond restructuring	163,336	-	-	163,336
Loss on interest rate swap termination	(2,169,100)	-	-	(2,169,100)
Change in fair value of interest rate swap agreements	1,087,534	-	-	1,087,534
(Decrease) increase in net assets from nonoperating activities	(14,889,572)	(8,062,323)	2,252,415	(20,699,480)
Changes in net assets	13,682,248	(7,449,000)	2,252,415	8,485,663
Net assets, beginning of year	384,604,691	110,211,497	48,391,413	543,207,601
Net assets, end of year	$ 398,286,939	$ 102,762,497	$ 50,643,828	$ 551,693,264

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statements of Cash Flows
For the years ended May 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 50,361,784	$ 8,485,663
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,544,723	20,047,090
Net realized and unrealized (gains) losses on investments	(29,110,334)	11,984,785
Change in fair value of interest rate swap agreements	(2,600,494)	(1,087,534)
Change in present value discount on contributions receivable	(25,653)	(11,084)
Change in allowance for doubtful pledges on contributions receivable	164,475	(1,475)
Gifts of property and equipment	(1,287,488)	-
Amortization of bond discount, bond premium and bond issuance costs	(258,223)	4,127,546
Termination of interest rate swap agreement	-	2,169,100
Accretion of interest and liability adjustment for conditional asset retirement obligations	(139,523)	(50,003)
Contributions and investment income restricted for long-term investment	(377,414)	(1,418,668)
Changes in assets and liabilities:		
Increase in accounts receivable	(196,042)	(433,776)
Decrease (increase) in contributions receivable	57,692	(732,045)
Decrease in inventories, deferred charges and prepaid expenses	52,981	96,949
Increase in accounts payable and accrued expenses	4,785,859	2,689,594
(Decrease) in deposits and deferred revenues	(524,925)	(1,223,350)
(Decrease) increase in postretirement benefit obligation	(621,682)	19,366
Net cash provided by operating activities	41,825,736	44,662,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(25,562,527)	(16,601,625)
Purchases of investments	(275,403,423)	(90,311,044)
Proceeds from the sales of investments	286,721,217	76,692,597
Notes receivable - disbursements	(1,751,755)	(1,947,559)
Notes receivable - collections	1,698,043	1,610,384
Net cash used in investing activities	(14,298,445)	(30,557,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and investment income restricted for long-term investment	377,414	1,418,668
Payments on debt obligations	(6,199,747)	(55,294,393)
Proceeds from debt obligations	-	43,965,000
Termination of interest rate swap agreement	-	(2,169,100)
Decrease in U.S. Government grants refundable	(37,030)	(60,357)
Net cash used in financing activities	(5,859,363)	(12,140,182)
Net increase in cash and cash equivalents	21,667,928	1,964,729
Cash and cash equivalents, beginning of year	12,110,301	10,145,572
Cash and cash equivalents, end of year	$ 33,778,229	$ 12,110,301
Supplemental disclosure:		
Cash paid for interest on debt obligations	$ 7,144,543	$ 7,681,193

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ithaca College (the "College") is a four-year, primarily undergraduate institution which offers a diversified program of professional and liberal arts studies. The College was founded in 1892 as the Ithaca Conservatory of Music, and became a nonprofit, private college in 1931. The current campus is relatively new, as its construction began in approximately 1960. Today, the College offers a wide variety of programs through the School of Business, the Roy H. Park School of Communications, the School of Health Sciences and Human Performance, the School of Humanities and Sciences, and the School of Music.

The College's programs are designed to address the need for rigorous academic preparation in highly specialized professional fields and the need for students to prepare themselves for the complex demands of modern society by acquiring intellectual breadth beyond the bounds of their chosen profession.

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Basis of Presentation

The accompanying financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Classifications of Net Assets

The College reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets
Unrestricted net assets represent expendable resources that are generally available for support of the College's activities, with certain designations. Specifically, certain unrestricted net assets are committed through contractual agreements. Such amounts primarily consist of matching funds under a student loan program of the federal government and required trustee balances under debt obligation agreements.

Temporarily Restricted Net Assets
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. The College reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees.

Permanently Restricted Net Assets
Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use, a standard of prudence and other provisions governing endowment funds of this nature pursuant to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") (see Note 11).

Fair Value Measurements

The College follows guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by the standard.

The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnership and similar interests.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 820-10, investments measured at fair value using net asset value ("NAV") per share as a practical expedient have not been categorized in the fair value hierarchy, as permitted by ASU 2015-07.

Revenue Recognition

Tuition revenues for the fall and spring are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities that are completed prior to fiscal year-end are recognized in the current fiscal year. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Student receivables are written-off when deemed uncollectible.

Short-Term Investments

Short-term investments are reported at fair value based on quoted market values and consist principally of U.S. treasuries, corporate bonds, money market funds, and cash and cash equivalents designated for investment purposes. These investments are intended to be used for current operations.

Long-Term Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnership and similar interests, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers as of the measurement date. Because the private equity, real estate partnership investments and similar interests are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments, except for those assigned to the College's investment managers as part of the College's long-term investment strategies, with original maturities of three months or less from the date of purchase.

Property, Plant and Equipment

The College capitalizes computer equipment with a cost of $5,000 or more and other equipment and fixed assets with costs of $2,000 or more which have useful lives greater than one year. Property, plant and equipment are stated at cost and are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 to 40 years
Buildings	8 to 60 years
Building improvements	10 to 20 years
Equipment	5 to 10 years
Enterprise software	10 to 15 years

Assets acquired under capital lease obligations are depreciated over the shorter of their economic useful life or the lease term.

Maintenance, repairs, and minor improvements are charged to operations as incurred. Major improvements, which substantially extend the useful lives of assets, are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts of the College and the resulting gain or loss, if any, is reflected as part of nonoperating activities.

Contributions

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at fair value. In addition, contributions are distinguished between and recorded as contributions that increase unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions as well as donor-restricted income and gains whose restrictions are met within the same year as received are reflected as unrestricted revenue in the statement of activities. The carrying value of contribution receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Contribution receivables are written-off when deemed uncollectible.

Contributions of long-lived assets, cash or other assets to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The release of the restriction occurs over the depreciable life of the constructed asset.

Grants and Contracts

Revenue from grants and contracts is recognized as related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues. Contract and grants receivables are written-off when deemed uncollectible.

Contributed Goods

In-kind contributions received through donations are valued and recorded as revenue and expenses at their fair value at the time the contribution is received.

Functional Expenses

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction, research and public service. Expenses reported as academic support, student services, institutional support and auxiliary activities are incurred in support of these primary program services. The College allocates operation and maintenance of plant, depreciation and amortization and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

Operations

The accompanying statements of activities report the changes in unrestricted, temporarily restricted and permanently restricted net assets, distinguishing between operating and nonoperating activities. Unrestricted operating revenues consist of those activities attributable to the College's primary mission of providing education, research and public service. They include investment earnings on the College's operating cash flows and a portion of the return on long-term investments as determined in accordance with the College's spending rate policy. The remaining return (loss) on long-term investments is classified as part of nonoperating activities. Nonoperating activities also include capital and endowment contributions; net assets released from restrictions for capital purposes; changes in the value of certain financial instruments; and, other activities considered to be more of an unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, notes and contributions receivable; the determination of the College's postretirement benefit obligation; provision for operating accruals; useful lives assigned to fixed assets; conditional asset retirement obligations; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnership and similar interests. The College maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. The College's cash investments were placed in high quality financial institutions. To minimize risks associated with investments, the College has a diversified investment portfolio in a variety of asset classes. The College does not anticipate any material losses with respect to such accounts due to concentration of credit risk.

Income Taxes

The College is exempt from federal income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College is, likewise, exempt from New York state income tax under comparable state statutes. The College derives revenues from an unrelated trade or business and files a Federal Form 990-T (and corresponding state UBIT returns) to pay its associated tax liabilities. The calculated income tax provision is immaterial and thus no provision is recorded in the financial statements.

The College follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The College has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements for the years ended May 31, 2017 and May 31, 2016.

New Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of

money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date,* which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods on or after December 15, 2017 (early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period). The guidance permits the use of either a retrospective or cumulative effect transition method. The College is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (*Topic 842*), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the College for fiscal year 2020. Early adoption is permitted. The College is in the process of evaluating the impact this standard will have on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The College is in the process of evaluating the impact this standard will have on the financial statements.

Reclassifications

The College reclassified certain amounts in to conform to the current year presentation. These changes did not impact total assets, liabilities, net assets or the changes in net assets reported in the prior year.

Subsequent Events

The College evaluated its May 31, 2017 financial statements for subsequent events through October 26, 2017, the date the financial statements were issued. The College is not aware of any material subsequent events which would require recognition or disclosure in the financial statements.

2. CONTRIBUTIONS RECEIVABLE, NET

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Of the contributions receivable outstanding at May 31, 2017 and 2016, $501,199 and $821,312, respectively, are temporarily restricted for land, property improvements and other purposes, and represent pledges for the Athletics and Events Center, Dillingham Renovations, Boathouse, and Baseball Backstop.

At May 31, 2017, of the remaining contributions receivable, $1,258,452 was temporarily restricted for other purposes, $754,448 was time restricted and $2,092,018 was permanently restricted for endowment purposes. At May 31, 2016, of the remaining contributions receivable, $750,217 was temporarily restricted for other purposes, $888,109 was time restricted and $2,204,171 was permanently restricted for endowment purposes.

Contributions receivable, net, are summarized as follows at May 31, 2017 and 2016:

	2017	2016
Unconditional promises expected to be collected in:		
Less than one year	$ 2,163,600	$ 1,614,318
One to five years	2,292,517	3,046,491
After five years	150,000	3,000
	4,606,117	4,663,809
Less: Allowance for doubtful accounts	(182,725)	(18,250)
Less: Unamortized discount to present value	(81,593)	(107,246)
Contributions receivable, net	$ 4,341,799	$ 4,538,313

Contributions to be received after one year are discounted using a credit-adjusted rate. Discount rates on all outstanding contributions ranged between 1.17% and 2.04% at May 31, 2017 and 2016. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. During fiscal 2017 and 2016, the College was notified of certain intentions to give. These conditional gifts, if received, would be used principally in support of scholarships. Consistent with US GAAP, such amounts have not been included in contributions receivable due to their conditional nature.

Total costs incurred for fund-raising activities, which are recorded as an expense when incurred, totaled $3,426,067 and $3,380,837 in fiscal 2017 and 2016, respectively, and are included as part of institutional support in the accompanying statements of activities.

3. INVESTMENTS

Investments, which include long-term and short-term investments, consist of the following at May 31, 2017 and 2016:

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Cash, deposits, and money markets	$ 39,952,513	$ 39,952,513	$ 38,495,031	$ 38,495,031
Fixed income	97,936,075	96,233,345	107,782,039	106,463,017
Equities	30,499,162	26,324,471	26,811,491	25,995,360
Hedge funds and absolute return funds	190,829,958	129,632,345	164,090,686	126,715,927
Private equities	16,883,446	21,686,715	18,144,837	21,801,543
Real estate funds	23,041,182	26,144,699	26,025,712	31,749,441
	$ 399,142,336	$ 339,974,088	$ 381,349,796	$ 351,220,319

Investments are held for the following purposes at May 31, 2017 and 2016:

	2017		2016	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Endowment and similar purposes	300,715,519	241,883,794	267,328,459	237,380,278
Operating and other investments	98,426,817	98,090,294	114,021,337	113,840,041
	$ 399,142,336	$ 339,974,088	$ 381,349,796	$ 351,220,319

For investment purposes, a portion of the long-term investments is pooled with assets owned by separate funds based upon shares purchased by the funds when they enter the pool. The pooled assets are valued on a monthly basis and a per share fair value is determined and used to calculate the number of shares applicable to funds entering or exiting the pool.

The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly fair value of its pooled investment portfolio for the preceding five years. The College utilized 4.16% and 4.24% of the average quarterly fair value of its pooled investment portfolio in fiscal 2017 and 2016, respectively. To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes unrealized and realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, depending upon donor stipulations, if any, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The following schedule summarizes the net investment return and its classification in the 2017 and 2016 statements of activities:

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Dividends and interest, net	$ 4,177,006	$ 1,696,763	$ -	$ 5,873,769
Net realized and unrealized losses	20,205,512	8,904,822	-	29,110,334
Total return on investments	$ 24,382,518	$ 10,601,585	$ -	$ 34,984,103
Investment income designated for operations	$ 884,774	$ 284,272	$ -	$ 1,169,046
Net investment appreciation designated for operations	7,784,511	3,177,965	-	10,962,476
Return on investments available for reinvestment	15,713,233	7,139,348	-	22,852,581
Total return on investments	$ 24,382,518	$ 10,601,585	$ -	$ 34,984,103

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest, net	$ 1,483,425	$ 76,326	$ -	$ 1,559,751
Net realized and unrealized losses	(8,008,084)	(3,976,701)	-	(11,984,785)
Total return on investments	$ (6,524,659)	$ (3,900,375)	$ -	$ (10,425,034)
Investment income designated for operations	$ 1,483,425	$ 76,326	$ -	$ 1,559,751
Net investment appreciation designated for operations	6,805,233	2,728,010	-	9,533,243
Return on investments available for reinvestment	(14,813,317)	(6,704,711)	-	(21,518,028)
Total return on investments	$ (6,524,659)	$ (3,900,375)	$ -	$ (10,425,034)

Investment management and custodian fees are netted against investment returns and totaled $1,095,868 and $940,585 in fiscal 2017 and 2016, respectively.

The following table presents the fair value hierarchy of investments that are measured at fair value on a recurring basis as of May 31, 2017:

	Total	Level 1	Net Asset Value
Cash, deposits, and money markets	$ 39,952,513	$ 39,952,513	$ -
Fixed income	97,936,075	84,747,359	13,188,716
Equities	30,499,162	30,499,162	-
Hedge funds and absolute return funds	190,829,958	-	190,829,958
Private equities	16,883,446	-	16,883,446
Real estate	23,041,182	-	23,041,182
	$ 399,142,336	$ 155,199,034	$ 243,943,302

The following table presents the fair value hierarchy of investments that are measured at fair value on a recurring basis as of May 31, 2016:

	Total	Level 1	Net Asset Value
Cash, deposits, and money markets	$ 38,495,031	$ 38,495,031	$ -
Fixed income	107,782,039	94,877,337	12,904,702
Equities	26,811,491	26,811,491	-
Hedge funds and absolute return funds	164,090,686	-	164,090,686
Private equities	18,144,837	-	18,144,837
Real estate	26,025,712	-	26,025,712
	$ 381,349,796	$ 160,183,859	$ 221,165,937

The College uses the NAV per share for purposes of reporting the fair value of all its underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category reported at fair value using a NAV.

The following table lists the redemption terms and unfunded commitments for alternative investments at May 31, 2017:

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Fund	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Fixed income	High quality sovereign bonds	$ 13,188,716	1	N/A	$ -	N/A	Daily to 10 business days notice	N/A	N/A
Hedge funds and absolute return funds	High growth and long-term capital appreciation	190,829,958	18	N/A	-	N/A	Quarterly within 45 days notice, April 1 with 90 days notice and December 31 with 90 days notice	N/A	N/A
Private equities	High growth private companies and capital appreciation	16,883,446	18	Up to 15 years	8,313,672	Over the life of the funds	Illiquid	N/A	N/A
Real estate funds	Real assets and debt investments	23,041,182	9	Up to 10 years	9,837,333	Over the life of the funds	2 funds with daily liquidity, 9 funds are illiquid	N/A	N/A
Total		$ 243,943,302	46		$ 18,151,005				

The following table lists the redemption terms and unfunded commitments for alternative investments at May 31, 2016:

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Fund	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Fixed income	High quality sovereign bonds	$ 12,904,702	1	N/A	$ -	N/A	Daily to 10 business days notice	N/A	N/A
Hedge funds and absolute return funds	High growth and long-term capital appreciation	164,090,686	19	N/A	-	N/A	Quarterly within 45 days notice, April 1 with 90 days notice and December 31 with 90 days notice	N/A	N/A
Private equity	High growth private companies and capital appreciation	18,144,837	17	Up to 15 years	9,888,535	Over the life of the funds	Illiquid	N/A	N/A
Real estate funds	Real assets and debt investments	26,025,712	11	Up to 10 years	11,045,519	Over the life of the funds	2 funds with daily liquidity, 9 funds are illiquid	N/A	N/A
Total		$ 221,165,937	48		$ 20,934,054				

4. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS

The College makes uncollateralized loans to students based on financial need under the Federal Perkins loan program. Student loans are funded through Federal government loan programs or institutional resources. At May 31, 2017 and 2016, student loans represented 1.2% of total assets.

	2017	2016
Federal government programs	$ 10,104,254	$ 10,050,542
Less: Allowance for doubtful accounts:	(400,000)	(400,000)
Student loans receivable, net	$ 9,704,254	$ 9,650,542

Of these loan amounts, $6,865,388 and $6,661,951 as of May 31, 2017 and 2016, respectively, are not yet in repayment status.

At May 31, 2017 and 2016, the following amounts were past due under the student loan program:

May 31,	In Default < 240 Days (Monthly Installments) or 270 Days (Other Installments)	In Default > 240 Days (Monthly Installments) or 270 Days (Other Installments) and < 2 Years	In Default > 2 Years, Up To 5 Years	In Default > 5 Years	Total Past Due
2017	$ 453,016	$ 128,958	$ 169,890	$ 206,677	$ 958,541
2016	499,580	159,388	167,510	182,905	1,009,383

The availability of funds for loans under the Federal Perkins loan program is dependent on reimbursement to the pool from repayments on outstanding loans from student loan recipients. Funds advanced by the Federal government of $8,178,681 and $8,215,711 at May 31, 2017 and 2016, respectively, are ultimately refundable to the government and are classified as liabilities on the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans to eligible students and a decrease in the liability to the government.

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consists of the following at May 31, 2017 and 2016:

	2017	2016
Land improvements	$ 5,054,347	$ 3,972,457
Buildings and building improvements	521,886,548	506,796,357
Equipment and software	92,650,441	87,890,099
	619,591,336	598,658,913
Less: Accumulated depreciation	(260,400,460)	(244,728,232)
Land	13,360,791	13,315,694
Property, plant and equipment, net	$ 372,551,667	$ 367,246,375

There were no interest expenses capitalized to construction projects for the years ended May 31, 2017 and 2016.

6. DEBT OBLIGATIONS

Debt obligations at May 31, 2017 and 2016, consist of the following:

	2017	2016
Tompkins County Industrial Development Agency, Civic Facility Revenue Bonds:		
Series 2004, variable rate bonds, bearing interest at rate reset weekly; interest ranged between 0.01% and 0.94% during the years ended May 31, 2017 and 2016; payable in annual sinking fund installments to maturity in July 2034[123]	$ 23,075,000	$ 24,000,000
Series 2005B, bank rate bonds held by TD Bank, N.A., bearing interest at 1M LIBOR plus 74 basis points, multiplied by 70.50%; interest ranged between 0.65% and 1.22% during the years ended May 31, 2017 and 2016; payable in annual sinking fund installments to maturity in July 2026[1]	36,065,000	37,520,000
Tompkins County Development Corporation, Tax-Exempt Revenue Bonds (Ithaca College Project):		
Series 2011, 3.00%-5.50% fixed rate bonds, net of $28,326 and $29,515 unamortized discount at May 31, 2017 and 2016, respectively; maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturity in July 2033, July 2036, and July 2041[12]	23,466,674	23,975,485
Tompkins County Development Corporation, Tax-Exempt Revenue Refunding Bonds (Ithaca College Project):		
Series 2015, 3.00%-5.00% fixed rate bonds, net of $4,387,284 and $4,837,140 unamortized premium at May 31, 2017 and 2016, respectively; maturing serially through July 2034, payable thereafter in annual sinking fund installments to maturity in July 2038[1]	45,807,285	48,802,140
Mortgage Notes held by Nationwide Life Insurance Company:		
College Circle #1, 6.78% fixed rate; payable monthly and maturing October 2033[4]	16,670,550	17,206,326
College Circle #2, 6.63% fixed rate; payable monthly and maturing October 2033[4]	522,332	539,376
College Circle #3, 7.26% fixed rate, payable monthly and maturing October 2033[4]	2,635,098	2,715,748
College Circle #4, 6.80% fixed rate, payable monthly and maturing October 2033[4]	4,092,940	4,224,217
	152,334,879	158,983,292
Less: Bond issuance costs	(1,639,999)	(1,830,442)
Debt obligations, net	$ 150,694,880	$ 157,152,850

[1]Secured by a parity pledge of the College's tuition and fee revenue.
[2]Additionally secured by a financial guaranty insurance policy.
[3]Enhanced by letter of credit issued by TD Bank, N.A., which expires on December 31, 2018.
[4]Collateralized by the College Circle Apartments and improvements located thereon.

Interest expense on debt obligations totaled $7,042,904 and $7,193,794 for the years ended May 31, 2017 and 2016, respectively. Interest expense includes interest incurred on outstanding bonds and notes, amortization of discount and premium, amortization of bond issuance costs, net interest rate swap payments incurred, remarketing fees, and letter of credit fees. Discount, premium, and issuance costs are amortized using the effective interest method over the period the bonds are outstanding.

Under the terms of the loan agreements associated with the College's debt obligations, the College is required to maintain compliance with various covenants, including certain financial ratios. As of May 31, 2017 and 2016, the College was in compliance with the required covenants.

The aggregated required principal and sinking fund payments on all bonds and notes payable for each of the next five fiscal years, and thereafter to maturity, are as follows:

Year ending May 31,	
2018	$ 7,168,652
2019	7,456,359
2020	7,793,136
2021	8,129,270
2022	8,535,068
Thereafter	108,893,436
Total payments	147,975,921
Plus: Unamortized premium and discount, net	4,358,958
Less: Unamortized costs of issuance	(1,639,999)
Debt obligations, net	$ 150,694,880

Tompkins County Development Corporation, Tax-Exempt Revenue Refunding Bonds (Ithaca College Project), Series 2015 ("Series 2015 Bonds")

In September 2015, the College issued bonds totaling $43,965,000 to refund the Tompkins County Industrial Development Agency, Civic Facility Revenue Bonds (Ithaca College Project), Series 2007 ("Series 2007 Bonds") and the Dormitory Authority of the State of New York, Ithaca College Revenue Bonds, Series 2008 ("Series 2008 Bonds"). In connection with this transaction, the College recorded a gain on bond restructuring of $163,336 for the year ended May 31, 2016.

7. INTEREST RATE SWAPS

The College utilizes interest rate swap agreements as a strategy for managing interest rate risk associated with its variable rate bond obligations. While the use of these agreements is for risk management purposes, their use by the College is not considered to be hedging activity based on definitions in generally accepted accounting principles. The objectives for holding the interest rate swap agreements in the context of each debt issuance are as follows:

Series 2004 Bonds

Concurrent with the issuance of the Series 2004 Bonds, the College entered into a fixed payer interest rate swap agreement that expires coincident with the maturity of the Series 2004 Bonds in July 2034 ("2004 Fixed Payer").

Series 2005B Bonds

Concurrent with the issuance of the Series 2005B Bonds, the College entered into a fixed payer interest rate swap agreement that expires coincident with the maturity of the Series 2005B Bonds in July 2026 ("2005 Fixed Payer").

Series 2007 Bonds

In connection with the issuance of the Series 2007 Bonds, the College entered into two fixed payer interest rate swap agreements that expire coincident with the original maturity of the Series 2007 Bonds in July

2037 (“2007 Fixed Payer I” and “2007 Fixed Payer II”). In 2009 when the Series 2007 Bonds were converted to intermediate term fixed rate bonds, the College entered into two fixed receiver interest rate swap agreements to counterbalance the fixed payer agreements; the fixed receiver agreements expired coincident with the maturity of the re-offered Series 2007 Bonds in July 2016 (“2007 Fixed Receiver I” and “2007 Fixed Receiver II”).

Series 2008 Bonds

In connection with the issuance of the Series 2008 Bonds, the College entered into a fixed payer interest rate swap agreement that was set to expire coincident with the maturity of the Series 2008 Bonds in July 2038. In 2009 when the Series 2008 Bonds were converted to intermediate term fixed rate bonds, the College entered into a fixed receiver interest rate swap agreement to counterbalance the 2008 Fixed Payer swap agreement; the agreement was set to expire in accordance with the maturity of the re-offered Series 2008 Bonds in July 2017 (“2008 Fixed Receiver”).

Series 2015 Bonds

In connection with the issuance of the Series 2015 Bonds, which refunded the 2009 re-offerings of the Series 2007 Bonds and Series 2008 Bonds due to mature in July 2016 and July 2017, respectively, the College executed or terminated the related interest rate swap agreements as follows:

Series 2007 Bonds: In December 2015, the College restructured the interest rate swap exposure associated with the Series 2007 Bonds. Whereas the 2007 Fixed Payer I and 2007 Fixed Payer II swaps expire in July 2037, and whereas the counterbalancing 2007 Fixed Receiver I and 2007 Fixed Receiver II swaps were scheduled to expire in July 2016, the College entered into two new counterbalancing fixed receiver interest rate swap agreements that became effective in July 2016 and terminate coincident with the original maturity of the Series 2007 Bonds in July 2037 (“2015 Fixed Receiver I” and “2015 Fixed Receiver II”).

Series 2008 Bonds: In December 2015, the College terminated the 2008 Fixed Payer and 2008 Fixed Receiver interest rate swap agreements associated with the Series 2008 Bonds in order to reduce its potential risk and recognized a nonoperating loss of $2,169,100 for the year ended May 31, 2016.

The terms of the College’s interest rate swap agreements are summarized as follows:

Swap Agreement	Counterparty	Initial Notional		Maturity	Rate Received	Rate Paid
2004 Fixed Payer	UBS AG	$ 10,420,000	1	July 2034	59% 1M LIBOR +40bp	3.4049%
2005 Fixed Payer	Bank of America, N.A.	40,290,000	2	July 2026	67% 1M LIBOR	3.220%
2007 Fixed Payer I	Royal Bank of Canada	19,075,000	2	July 2037	67% 1M LIBOR	3.721%
2007 Fixed Payer II	Royal Bank of Canada	11,565,000	2	July 2037	67% 1M LIBOR	3.398%
2007 Fixed Receiver I	Royal Bank of Canada	18,360,000	2	July 2016	2.052%	67% 1M LIBOR
2007 Fixed Receiver II	Royal Bank of Canada	11,565,000	2	July 2016	2.046%	67% 1M LIBOR
2015 Fixed Receiver I	Royal Bank of Canada	15,220,000	2	July 2037	1.376%	67% 1M LIBOR
2015 Fixed Receiver II	Royal Bank of Canada	9,805,000	2	July 2037	1.366%	67% 1M LIBOR
2008 Fixed Payer	Royal Bank of Canada	38,505,000	2	July 2038	67% 1M LIBOR	3.447%
2008 Fixed Receiver	Royal Bank of Canada	36,415,000	2	July 2017	1.864%	67% 1M LIBOR

[1]The notional is constant through July 2028; thereafter the notional declines in accordance with the repayment schedule of the underlying debt.

[2]The notional declines in accordance with the repayment schedule of the underlying debt.

The estimated fair values of derivative assets and liabilities at May 31, 2017 and 2016, respectively, are summarized as follows, along with the net gains and losses for the respective years then ended.

2017

Swap Agreement	Notional Outstanding	Derivative Assets	Derivative Liabilities	Net Gain (loss)
2004 Fixed Payer	$ 10,420,000	$ -	$ (2,230,318)	$ 536,298
2005 Fixed Payer	36,065,000	-	(4,093,868)	1,479,038
2007 Fixed Payer I	15,220,000	-	(3,410,135)	854,266
2007 Fixed Payer II	9,805,000	-	(1,961,088)	519,275
2007 Fixed Receiver I	-	-	-	(45,940)
2007 Fixed Receiver II	-	-	-	(28,314)
2015 Fixed Receiver I	15,220,000	-	(92,125)	(432,521)
2015 Fixed Receiver II	9,805,000	-	(60,523)	(281,608)
	$ 96,535,000	$ -	$ (11,848,057)	$ 2,600,494

2016

Swap Agreement	Notional Outstanding	Derivative Assets	Derivative Liabilities	Net Gain (Loss)
2004 Fixed Payer	$ 10,420,000	$ -	$ (2,766,616)	$ (374,858)
2005 Fixed Payer	37,520,000	-	(5,572,906)	(173,692)
2007 Fixed Payer I	15,715,000	-	(4,264,401)	(368,422)
2007 Fixed Payer II	10,085,000	-	(2,480,363)	(265,877)
2007 Fixed Receiver I	15,715,000	45,940	-	(283,564)
2007 Fixed Receiver II	10,085,000	28,314	-	(181,122)
2015 Fixed Receiver I	15,220,000	340,396	-	340,396
2015 Fixed Receiver II	9,805,000	221,085	-	221,085
2008 Fixed Payer	-	-	-	2,944,890
2008 Fixed Receiver	-	-	-	(771,302)
	$ 124,565,000	$ 635,735	$ (15,084,286)	$ 1,087,534

Net interest expense incurred on swap agreements was $1,814,791 and $1,803,487 for the years ended May 31, 2017 and 2016, respectively, and is included within interest expense on debt obligations reported in Note 6.

Derivatives by their nature bear, to varying degrees, elements of market risk and credit risk that are not reflected in the amounts recorded in these financial statements. Market risk in this context represents the potential for changes in the value of derivative instruments due to levels of volatility and liquidity or other events affecting the underlying debt obligations, including those embodied in interest rate movements. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according

to the terms of a contract. The College's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statements of financial position, not the notional amounts of the instruments.

The College's swap agreements contain credit support obligations and termination provisions on agreements in net liability positions. Under the credit support obligations, the College could be required to post collateral with the counterparties if the credit rating on the College's bond obligations is downgraded below A3 by Moody's Investors Service or below A- by Standard & Poor's Rating Service. Under the termination provisions, the College could be required to settle the derivative instruments if the credit rating on the College's bond obligations is downgraded below Baa3 by Moody's Investors Service or below BBB- by Standard & Poor's Rating Service.

If the credit support obligations had been triggered, the College could have been required to post collateral to its counterparties in an amount up to the full liability position of the instruments, depending on the classification of assets used to post collateral. If the termination provisions had been triggered, the College could have been required to settle the instruments at the full liability position of the instruments.

The aggregate fair value of interest rate swaps that contain credit-risk-related contingent features that were in a net liability position was $11,848,057 and $14,448,551 at May 31, 2017 and 2016, respectively. Based on the quality of the credit rating of the College's bond obligations, the College had posted no collateral associated with these instruments at May 31, 2017 and 2016.

The College's interest rate swaps are valued by an independent third party that uses the mid-market levels, as of the close of business on the last day of the reporting period, to value each agreement. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the College's credit worthiness. The College's interest rate swaps are classified as Level 2 in the fair value hierarchy.

8. BENEFIT PLANS

Retirement Annuity Plan

Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plans which are immediately vested for the benefit of the participants.

There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of employees' salaries. College contributions to the TIAA/CREF plan amounted to $7,037,557 and $6,777,638 for the years ended May 31, 2017 and 2016, respectively.

Postretirement Benefits

The College sponsors two defined benefit postretirement plans (collectively, the "Postretirement Plan"). One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Aetna Open Access POSII and Aetna High Deductible Health Plans upon retirement from the College. The postretirement health care plan is noncontributory for employees with

dates of hire prior to January 1, 2007 and contributory for employees with dates of hire after January 1, 2007. The life insurance plan is noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are unfunded.

The Medicare Modernization Act of 2003 (the "Act") was enacted into law on December 8, 2003. The Act provides a prescription benefit for Medicare eligible retirees under Part D. The Act also provides a subsidy to employers who already provide a prescription drug benefit that is equivalent to the Medicare Part D Benefit. The effect of the subsidy on the College's obligations had no impact on the expense and obligations for 2017 and 2016.

The actuarial present value of benefit obligations recognized on the accompanying statements of financial position at May 31, 2017 and 2016 are as follows:

	Postretirement Plan	
	2017	**2016**
Change in benefit obligation:		
Benefit obligation, beginning of year	$ (14,396,366)	$ (14,377,000)
Service cost	(507,455)	(515,910)
Interest cost	(605,340)	(620,225)
Plan participants' contributions	(11,481)	(9,271)
Actuarial gain	850,062	500,780
Benefits paid	895,896	625,260
Benefit obligation, end of year	$ (13,774,684)	$ (14,396,366)
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	884,415	615,989
Plan participants' contributions	11,481	9,271
Benefits paid	(895,896)	(625,260)
Fair value of plan assets, end of year	$ -	$ -

	Postretirement Plan	
	2017	**2016**
Components of accrued benefit cost:		
Funded status	$ (13,774,684)	$ (14,396,366)
Unrecognized prior service cost	-	792
Unrecognized actuarial net loss	3,524,169	4,556,699
Accrued benefit cost	$ (10,250,515)	$ (9,838,875)
Components of net periodic benefit cost:		
Service cost	$ 507,455	$ 515,910
Interest cost	605,340	620,225
Amortization of unrecognized prior service costs	792	991
Amortization of net loss	182,468	223,849
Net periodic benefit cost	$ 1,296,055	$ 1,360,975

	Postretirement Plan	
	2017	**2016**
Weighted-average assumptions as of May 31:		
Discount rate for benefit obligation at year-end	4.86%	4.54%
Discount rate for net periodic benefit cost at year-end	4.54%	4.73%
Expected return on plan assets	N/A	N/A
Amounts recognized in the statements of financial position consist of:		
Accrued benefit liability	$ (13,774,684)	$ (14,396,366)
Amounts in unrestricted net assets expected to be recognized in net periodic benefits cost:		
Amortized prior service cost	$ 792	$ 991
Amortized net gain	182,468	223,849
Total amount recognized	$ 183,260	$ 224,840

For measurement purposes, a 7.5% annual rate of increase in the per capita cost of covered medical benefits and a 11.0% annual rate of increase in the per capita cost of covered prescription drug benefits were assumed for 2017 for the Aetna Access POSII and Aetna High Deductible Health Plans. These rates were assumed to decrease gradually to 3.886% by 2076, and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in the health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 135,772	$ (115,058)
Effect on postretirement benefit obligation	1,112,061	(983,351)

Projected cash outflows for the years ending May 31st are as follows:

2018	$ 979,009
2019	947,204
2020	932,485
2021	1,018,823
2022	1,036,479
Years 2023 - 2027	5,706,660

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions described below were used to estimate the fair value of each financial instrument for which it is practicable to estimate that value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the respective financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents, Accounts Receivable, Contributions Receivable, Accounts Payable and Accrued Expenses and Deposits and Deferred Revenues

The carrying amounts reported in the statements of financial position approximate fair value.

Short-Term and Long-Term Investments

Short-term and long-term investments reported in the statements of financial position are reported at fair value. Fair value is determined based on quoted market prices, except with respect to investment values assigned to limited partnership and similar interests, which are generally based on estimates and assumptions determined by the respective general partners and investment managers.

Notes Receivable

The fair value of notes receivable from students under federal government financial assistance programs could not be reasonably estimated because the notes are not saleable and can only be assigned to the federal government or its designees. Therefore, the loans are stated at the amount of principal outstanding, less an appropriate reserve for potentially uncollectible accounts. The loans' maturities range from one to ten years and have stated interest rates ranging from approximately 3% to 6%.

Debt Obligations

Rates currently available to the College for debt with similar terms and maturities are used to estimate fair value of existing debt.

The estimated fair value of the College's debt obligations as of May 31, 2017 is summarized as follows:

	Carrying Amount	Estimated Fair Value
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	$ 23,075,000	$ 23,075,000
Series 2005B	36,065,000	36,065,000
Tompkins County Development Corporation Ithaca College insured revenue bonds:		
Series 2011	23,466,674	26,090,119
Series 2015	45,807,285	46,968,631
Nationwide Life Insurance Company:		
College Circle Loan #1	16,670,550	16,670,550
College Circle Loan #2	522,332	522,332
College Circle Loan #3	2,635,098	2,635,098
College Circle Loan #4	4,092,940	4,092,940
	152,334,879	$ 156,119,670
Less: Bond issuance costs	(1,639,999)	
	$ 150,694,880	

The estimated fair value of the College's debt obligations as of May 31, 2016 is summarized as follows:

	Carrying Amount	Estimated Fair Value
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	$ 24,000,000	$ 24,000,000
Series 2005B	37,520,000	37,520,000
Tompkins County Development Corporation Ithaca College insured revenue bonds:		
Series 2011	23,975,485	27,459,456
Series 2015	48,802,140	50,463,702
Nationwide Life Insurance Company:		
College Circle Loan #1	17,206,326	17,206,326
College Circle Loan #2	539,376	539,376
College Circle Loan #3	2,715,748	2,715,748
College Circle Loan #4	4,224,217	4,224,217
	158,983,292	$ 164,128,825
Less: Bond issuance costs	(1,830,442)	
	$ 157,152,850	

10. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations ("ARO's") are legal obligations associated with the eventual retirement of long-lived assets. These liabilities, which for the College primarily relate to the cost of asbestos and lead paint abatement, were initially recorded at fair value and the related asset retirement costs capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Significant assumptions utilized in the determination of such obligations include the selection of relevant discount factors, which articulate with the timing of performance related to the respective project, inflation factors, and the probabilities assigned to cost estimates. Asset retirement costs are subsequently depreciated over the estimated useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

The cost of the abatement was estimated following a site-specific survey of the campus. The abatement projects, to which the adjustment pertains, consist principally of asbestos and lead removal and are expected to be completed by fiscal 2024.

The following table represents the activity for the ARO's for the years ended May 31, 2017 and 2016:

	2017	2016
Beginning of year	$ 980,609	$ 1,030,612
Obligations settled during the period	(139,523)	(86,515)
Accretion expense	-	36,512
End of year	$ 841,086	$ 980,609

11. ENDOWMENT

The College's endowment consists of approximately 400 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the College's Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments (quasi-endowments), are classified and reported based on the existence or absence of donor-imposed restrictions. The College has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the College's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment, exclusive of gift additions. The College's primary investment objective is to maximize total return within reasonable and prudent levels of risk, while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various types of investment instruments and strategies to help reduce risk.

In September 2010, the State of New York passed NYPMIFA, its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). It was effective for the College's 2011 fiscal year and all not-for-profit organizations formed in New York must apply this law.

The College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees of the College in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the College and its donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the College;
(7) The investment policies of the College; and,
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects of the College.

The following table summarizes endowment net asset composition, by type of fund, as of May 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (11,367)	$ 40,982,334	$ 50,909,090	$ 91,880,057
Board-designated endowment funds	208,835,462	-	-	208,835,462
Total funds	$ 208,824,095	$ 40,982,334	$ 50,909,090	$ 300,715,519

The following table summarizes endowment net asset composition, by type of fund, as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (454,349)	$ 31,758,659	$ 48,439,657	$ 79,743,967
Board-designated endowment funds	187,584,492	-	-	187,584,492
Total funds	$ 187,130,143	$ 31,758,659	$ 48,439,657	$ 267,328,459

The following table summarizes the changes in endowment net assets for the fiscal year 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 187,130,143	$ 31,758,659	$ 48,439,657	$ 267,328,459
Contributions and bequests	63,245	-	2,469,433	2,532,678
Appropriation of endowment assets for expenditure	(7,791,600)	(3,177,965)	-	(10,969,565)
Investment return	23,957,991	10,493,524	-	34,451,515
Board-designated transfers	5,000,000	-	-	5,000,000
Other, primarily net assets released from restrictions and redesignations	464,316	1,908,116	-	2,372,432
Endowment net assets, end of year	$ 208,824,095	$ 40,982,334	$ 50,909,090	$ 300,715,519

The following table summarizes the changes in endowment net assets for the fiscal year 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 202,694,088	$ 38,439,153	$ 46,905,256	$ 288,038,497
Contributions and bequests	42,381	12,301	1,534,401	1,589,083
Appropriation of endowment assets for expenditure	(6,805,233)	(2,728,010)	-	(9,533,243)
Investment return	(8,008,084)	(3,976,701)	-	(11,984,785)
Other, primarily net assets released from restrictions and redesignations	(793,009)	11,916	-	(781,093)
Endowment net assets, end of year	$ 187,130,143	$ 31,758,659	$ 48,439,657	$ 267,328,459

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in unrestricted net assets totaled $11,367 and $454,349, at May 31, 2017 and 2016, respectively. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the College's Board of Trustees.

12. COMMITMENTS AND CONTINGENCIES

The College has entered into numerous noncancellable operating lease agreements and other agreements for office space and equipment. Commitments under such agreements provide for minimum annual payments as follows:

Year ending May 31:	Amount
2018	$ 1,779,860
2019	1,233,706
2020	649,348
2021	187,977
2022	69,238
Thereafter	993,735
	$ 4,913,864

Rental expense for all operating leases totaled $1,995,459 and $1,711,713 for the years ended May 31, 2017 and 2016, respectively.

As of May 31, 2017, the College had entered into renovation and construction contracts and commitments totaling $8,361,641.

From 2000 through 2007, the College provided its students access to the Gate Student Loan Program to assist them in financing their educational experience at the College. The loans taken out under this program by the students, which are held by National Collegiate Trusts and administered by First Marblehead Data Services, are repayable over a maximum of 20 years. Under the terms of the program,

the College guarantees to cover defaults up to a specified maximum amount, ranging from 19% to 33% of the outstanding loan balance. As of May 31, 2017 and 2016, students had outstanding loans under the program of $8,220,485 and $9,708,203, respectively, and the College's maximum unfunded default pledge obligation was $3,101,546 and $3,229,458, respectively. Based on actual default experience, as of May 31, 2016, the College has included in its liabilities a provision of $300,000 as of May 31, 2017 and 2016, for defaults on Gate Loans.

As a result of the resolution agreement with the Department of Education Office of Civil Rights executed on August 4, 2015, the College is committed to completing certain remediations to its campus, in accordance with the Americans with Disabilities Act, within a two-year timeframe. As of May 31, 2017, the College does not have a basis on which to project the estimated cost resulting from the resolution agreement. Accordingly, the College has not included a reserve for such amounts on the accompanying statement of financial position.

In December 2015, the College entered into a twenty five year solar power purchase agreement with Finger Lakes Solar 1, LLC (the "Provider"). The Provider will furnish, install, maintain and own solar electric generating facilities (e.g., solar panels, meters, monitoring equipment, etc.) at the College. The College has agreed to purchase all of the electricity produced by these solar facilities according to the terms set forth in the agreement with the Provider. After the initial term of the agreement, the agreement will automatically renew for one-year terms, unless a written notice of non-renewal is given by either party to the transaction. The College has the right to unilaterally terminate the agreement for any reason, with no less than ninety (90) days notice and would be required to pay an early termination fee ranging from approximately $8.0 million in the first year to $2.7 million in the twenty-fifth year or thereafter.

In the normal course of its operations, the College is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the College is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the College's financial position, changes in net assets or cash flows.

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Direct:				
Federal Supplemental Educational Opportunity Grants	84.007	-	$ 628,150	$ -
Federal Work Study Program	84.033	-	529,433	-
Federal Pell Grant Program	84.063	-	5,495,559	-
Federal Perkins Loan Program	84.038	-	11,802,297	-
Federal Direct Loan Program	84.268	-	47,779,134	-
Total Student Financial Assistance Cluster			66,234,573	-
Research and Development Cluster:				
National Air and Space Administration:				
Pass-through from the Universities of Space Research Association:				
Science - FORECAST Grism Mode Spectroscopy	43.001	NAS2-97001	7,985	-
Pass-through from the University of Arizona:				
Science - OSIRIS Rex	43.001	NMN10AA11C	178,314	49,387
Total National Air and Space Administration			186,299	49,387
National Science Foundation:				
Direct:				
Mathematical and Physical Sciences	47.049	-	43,530	-
Computer and Information Science and Engineering	47.070	-	31,712	-
Social, Behavioral, and Economic Sciences	47.075	-	47,158	-
Robotic Assisted Locomotor Experience	47.075	-	127,049	-
Education and Human Resources	47.076	-	369,096	-
Total National Science Foundation			618,545	-
U.S. Department of Health and Human Services:				
Direct:				
Cardiovascular Diseases Research	93.837	-	129,586	-
Biomedical Research and Research Training	93.859	-	1,604	1,425
			131,190	1,425
Pass-through from the University of Rochester:				
Geriatrics Workforce Enhancement Program	93.969	1 U1QHP28783	87,950	-
Total U.S. Department of Health and Human Services			219,140	1,425
Department of State:				
Direct:				
American Embassy - Voices of Partition	19.501	-	2,040	-
American Embassy - On Common Ground	19.501		79,222	67,998
Total Department of State			81,262	67,998
Total Research and Development Cluster			1,105,246	118,810

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Other Federal Awards:				
Department of Defense:				
Direct:				
Reserve Officer Training Program ("ROTC") Scholarships	12.XXX	-	$ 125,328	$ -
Corporation for National and Community Service:				
Direct:				
Americorps	94.006	-	16,081	-
Total Other Federal Awards			141,409	-
Total Expenditures of Federal Awards			$ 67,481,228	$ 118,810

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ithaca College (the "College") under programs of the federal government for the year ended May 31, 2017 and is prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2. STUDENT LOAN PROGRAMS

The federal student loan program listed below is administered directly by the College, and balances and transactions relating to this program are included in the College's financial statements. Loan activities and balances consist of the following:

Cluster/Program Title	Federal CFDA Number	Balance as of June 1, 2016	Loans Issued	Payments Received	Balance as of May 31, 2017
Federal Perkins Loan Program	84.038	$ 10,050,542	1,751,755	(1,698,043)	$ 10,104,254

3. FEDERAL DIRECT LOANS

Federally-guaranteed loans distributed to students of the College through the William D. Ford Federal Direct Loan Program during the year ended May 31, 2017 are summarized as follows. The value of outstanding federal direct loans at May 31, 2017 consist of:

Cluster/Program Title	Federal CFDA Number	Loans Distributed
Federal Direct Loan Program	84.268	$ 47,779,134

These distributions and related funding sources are not included in the College's financial statements.

4. INDIRECT COST RATE

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Ithaca College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ithaca College (the "College") which comprise the statement of financial position as of May 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2017.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
October 26, 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Ithaca College:

Report on compliance for each major federal program

We have audited the compliance of Ithaca College (the "College") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended May 31, 2017. The College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Our audit of, and opinion on, the College's compliance for each major federal program does not include the compliance requirements governing the Federal Perkins Loan Program student loan repayments under the Student Financial Assistance Cluster because the College engaged Educational Computer Services, Inc. to perform these compliance activities. This third-party servicer has obtained a compliance examination from another practitioner for the year ending June 30, 2017 in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*.

Management's responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the College's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200,*

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Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program
In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2017.

Report on internal control over compliance
Management of the College is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each of its major federal programs to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
February 12, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
• Noncompliance material to financial statements noted?	___ yes _X_ no

Federal awards:

Internal control over the major programs:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	yes _X_ none reported
Type of auditors' report issued on compliance for the major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Subpart F, section 200.516 of the Uniform Guidance?	___ yes _X_ no

Identification of the major programs:

Program or Cluster Title	Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ yes ___ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Independent Auditors' Reports as Required by Title *2 U.S. Code of Federal Regulations Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and *Government Auditing Standards* and Related Information

ITHACA COLLEGE

May 31, 2018 and 2017

ITHACA COLLEGE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Ithaca College:

Report on the financial statements

We have audited the accompanying financial statements of Ithaca College (the "College"), which comprise the statements of financial position as of May 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca College, as of May 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 26, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
October 26, 2018

ITHACA COLLEGE
Statements of Financial Position
As of May 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 11,165,949	$ 33,778,229
Accounts receivable, net of allowances of $200,000 in 2018 and 2017	3,113,044	2,630,594
Inventories, deferred charges and prepaid expenses	3,810,849	3,124,077
Contributions receivable, net	4,605,081	4,341,799
Student loan receivable net of allowances of $400,000 in 2018 and 2017	9,249,714	9,704,254
Investments	423,904,057	399,142,336
Property, plant and equipment, net	373,794,801	372,551,667
Total assets	$ 829,643,495	$ 825,272,956
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 24,640,573	$ 30,537,278
Deposits and deferred revenues	4,638,793	7,343,242
Debt obligations, net	145,980,763	150,694,880
Conditional asset retirement obligations	1,612,449	841,086
U.S. Government grants refundable	8,171,473	8,178,681
Interest rate swap agreements	8,905,484	11,848,057
Postretirement benefit obligation	14,332,335	13,774,684
Total liabilities	208,281,870	223,217,908
Commitments and contingencies		
NET ASSETS		
UNRESTRICTED		
Current operations	37,029,195	44,408,664
Matching funds under Federal Government loan program	1,904,852	2,044,976
Quasi-endowment	217,413,907	208,824,095
Debt service, property, plant and equipment renewal and replacement funds	31,315,205	27,973,943
Net investment in property, plant and equipment	161,771,411	154,491,729
Total unrestricted	449,434,570	437,743,407
TEMPORARILY RESTRICTED		
Current operations and temporarily restricted pledges	3,666,834	2,572,481
Temporarily restricted endowments	44,790,198	40,982,334
Split-interest agreements	539,960	390,660
Property, plant and equipment purposes	66,042,627	67,365,058
Total temporarily restricted	115,039,619	111,310,533
PERMANENTLY RESTRICTED		
Endowment	53,821,241	50,909,090
Permanently restricted pledges	3,066,195	2,092,018
Total permanently restricted	56,887,436	53,001,108
Total net assets	621,361,625	602,055,048
Total liabilities and net assets	$ 829,643,495	$ 825,272,956

The accompanying notes are an integral part of these financial statements.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 271,179,737	$ -	$ -	$ 271,179,737
Less: financial aid	(127,851,926)	-	-	(127,851,926)
Net tuition and fees	143,327,811	-	-	143,327,811
Sales of auxiliary services	70,072,859	-	-	70,072,859
Investment return	704,521	-	-	704,521
Private gifts and grants	2,907,186	4,608,196	-	7,515,382
Government grants and contracts	3,426,161	-	-	3,426,161
Sales of educational departments and other revenue	4,096,653	-	-	4,096,653
Endowment distribution	11,783,634	-	-	11,783,634
Net assets released from restrictions for facilities	1,322,431	-	-	1,322,431
Net assets released from restrictions for operating and program purposes	4,720,754	(4,720,754)	-	-
Total operating revenues and support	242,362,010	(112,558)	-	242,249,452
OPERATING EXPENSES				
Instruction, research and public service	97,054,055	-	-	97,054,055
Academic support	22,437,306	-	-	22,437,306
Student services	29,131,328	-	-	29,131,328
Institutional support	45,215,616	-	-	45,215,616
Auxiliary activities	44,276,330	-	-	44,276,330
Total expenses	238,114,635	-	-	238,114,635
Increase in net assets from operating activities	4,247,375	(112,558)	-	4,134,817
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,322,431)	-	(1,322,431)
Net assets released from restrictions for nonoperating purposes and other redesignations	(958,252)	905,952	52,300	-
Endowment and capital gifts, net	800,525	415,174	3,834,028	5,049,727
Investment return	16,108,833	7,171,182	-	23,280,015
Distributed endowment investment return	(8,498,371)	(3,285,263)	-	(11,783,634)
Postretirement benefits expense other than net periodic benefit cost	(81,762)	-	-	(81,762)
Loss on bond restructuring	(2,831,892)	-	-	(2,831,892)
Change in fair value of interest rate swap agreements	2,942,573	-	-	2,942,573
Other	(37,866)	(42,970)	-	(80,836)
Increase in net assets from nonoperating activities	7,443,788	3,841,644	3,886,328	15,171,760
Change in net assets	11,691,163	3,729,086	3,886,328	19,306,577
Net assets, beginning of year	437,743,407	111,310,533	53,001,108	602,055,048
Net assets, end of year	$ 449,434,570	$ 115,039,619	$ 56,887,436	$ 621,361,625

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statement of Activities
For the year ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
OPERATING REVENUES AND SUPPORT				
Tuition and fees	$ 272,060,285	$ -	$ -	$ 272,060,285
Less financial aid	(121,794,191)	-	-	(121,794,191)
Net tuition and fees	150,266,094	-	-	150,266,094
Sales of auxiliary services	70,123,265	-	-	70,123,265
Investment income	884,774	284,272	-	1,169,046
Private gifts and grants	5,375,538	1,050,769	-	6,426,307
Government grants and contracts	3,393,575	-	-	3,393,575
Sales of educational departments and other revenues	4,218,328	18,000	-	4,236,328
Endowment distribution	10,962,476	-	-	10,962,476
Net assets released from restrictions for facilities	1,322,431	-	-	1,322,431
Net assets released from restrictions for operating and program purposes	721,568	(721,568)	-	-
Total operating revenues and support	247,268,049	631,473	-	247,899,522
OPERATING EXPENSES				
Instruction, research and public service	94,515,670	-	-	94,515,670
Academic support	21,120,658	-	-	21,120,658
Student services	27,519,034	-	-	27,519,034
Institutional support	39,727,932	-	-	39,727,932
Auxiliary activities	43,406,373	-	-	43,406,373
Total expenses	226,289,667	-	-	226,289,667
Increase in net assets from operating activities	20,978,382	631,473	-	21,609,855
NONOPERATING ACTIVITIES				
Net assets released from restrictions for facilities	-	(1,322,431)	-	(1,322,431)
Net assets released from restrictions for nonoperating purposes and redesignations	(2,137,951)	2,077,752	60,199	-
Endowment and capital gifts, net	1,268,988	21,894	2,297,081	3,587,963
Investment return	23,497,744	10,317,313	-	33,815,057
Distributed endowment investment return	(7,784,511)	(3,177,965)	-	(10,962,476)
Postretirement benefits expense other than net periodic benefit cost	1,033,322	-	-	1,033,322
Change in fair value of interest rate swap agreements	2,600,494	-	-	2,600,494
Increase in net assets from nonoperating activities	18,478,086	7,916,563	2,357,280	28,751,929
Change in net assets	39,456,468	8,548,036	2,357,280	50,361,784
Net assets, beginning of year	398,286,939	102,762,497	50,643,828	551,693,264
Net assets, end of year	$ 437,743,407	$ 111,310,533	$ 53,001,108	$ 602,055,048

The accompanying notes are an integral part of this financial statement.

ITHACA COLLEGE
Statements of Cash Flows
For the years ended May 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 19,306,577	$ 50,361,784
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,937,143	21,544,723
Net realized and unrealized gains on investments	(18,409,022)	(29,110,334)
Change in fair value of interest rate swap agreements	(2,942,573)	(2,600,494)
Gifts of property and equipment	(2,699)	(1,287,488)
Amortization of bond discount, bond premium and bond issuance costs	(210,973)	(258,223)
Accretion of interest and liability adjustment for conditional asset retirement obligations	771,363	(139,523)
Contributions and investment income restricted for long-term investment	(1,885,674)	(377,414)
Changes in assets and liabilities:		
Increase in accounts receivable	(482,450)	(196,042)
(Increase) decrease in contributions receivable, net	(263,282)	196,514
(Increase) decrease in inventories, deferred charges and prepaid expenses	(686,772)	52,981
(Decrease) increase in accounts payable and accrued expenses	(5,896,705)	4,785,859
Decrease in deposits and deferred revenues	(2,704,449)	(524,925)
Increase (decrease) in postretirement benefit obligation	557,651	(621,682)
Net cash provided by operating activities	9,088,135	41,825,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(23,177,578)	(25,562,527)
Purchases of investments	(168,181,904)	(275,403,423)
Proceeds from the sales of investments	161,829,205	286,721,217
Notes receivable - disbursements	(1,091,190)	(1,751,755)
Notes receivable - collections	1,545,730	1,698,043
Net cash used in investing activities	(29,075,737)	(14,298,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and investment income restricted for long-term investment	1,885,674	377,414
Payments on debt obligations	(30,138,652)	(6,199,747)
Proceeds from debt obligations	25,635,508	-
Decrease in U.S. Government grants refundable	(7,208)	(37,030)
Net cash used in financing activities	(2,624,678)	(5,859,363)
Net (decrease) increase in cash and cash equivalents	(22,612,280)	21,667,928
Cash and cash equivalents, beginning of year	33,778,229	12,110,301
Cash and cash equivalents, end of year	$ 11,165,949	$ 33,778,229
Supplemental disclosure:		
Cash paid for interest on debt obligations	$ 7,230,339	$ 7,144,543

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ithaca College (the "College") is a private, nonsectarian, coeducational liberal arts college located in Ithaca, New York. The College was founded in 1892 as the Ithaca Conservatory of Music, and became a nonprofit, private college in 1931. The College has approximately 6,000 undergraduate and 400 graduate students, and offers a broadly diversified program of professional and liberal arts studies. The College offers academic programs through the School of Business, the Roy H. Park School of Communications, the School of Health Sciences and Human Performance, the School of Humanities and Sciences, and the School of Music.

Basis of Presentation

The accompanying financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Classifications of Net Assets

The College reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets
Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Certain unrestricted net assets are designated for specific purposes or uses under various internal operating and administrative arrangements of the College.

Temporarily Restricted Net Assets
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. The College reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated for expenditure by the College's Board of Trustees.

Permanently Restricted Net Assets
Permanently restricted net assets are net assets subject to donor-imposed restrictions requiring that the College maintains the corpus of the gift in perpetuity. Generally, the College is permitted to expend part or all of the income earned and net appreciation on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes has have fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Operations

The accompanying statements of activities report the changes in unrestricted, temporarily restricted and permanently restricted net assets, distinguishing between operating and nonoperating activities. Operating revenues consist of those activities attributable to the College's primary mission of providing education, research and public service. They include income from tuition (net of financial aid) and fees; grants and contracts; private gifts and grants for operating programs; investment earnings on the College's operating cash and investments; the allocation of endowment spending for operations; sales of auxiliary services; and sales of education departments and other revenues. Operating expenses are reported by functional categories. Nonoperating activities include investment return on endowment and similar assets less amounts allocated for spending for operations; capital and endowment contributions, changes in the value of certain financial instruments, and other activities considered to be more of an unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments, except for those assigned to the College's investment managers as part of the College's investment strategies, with original maturities of three months or less from the date of purchase.

Tuition and Fees

Tuition revenues for the fall and spring are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities that are completed prior to fiscal year-end are recognized in the current fiscal year.

Student Accounts Receivable

The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Student receivables are written-off when deemed uncollectible.

Deferred Revenue

Deferred revenue consists of payments received from students in advance of the start of the academic period. Such amounts are recorded as revenues when the related services are performed. The College's tuition revenue for its summer sessions are fully recognized in the fiscal year in which the respective semesters begin.

Auxiliary Services

Auxiliary services include revenues and expenses primarily related to student housing, the campus bookstore, and student dining facilities. An auxiliary service exists to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services.

Sales of Educational Departments and Other Revenue

Sales of educational departments and other revenue include non-academic program revenue from activities other than auxiliary activities, athletic and theatre tickets, student activities, and various items of other revenue.

Contributions

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at fair value. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions as well as donor-restricted income and gains whose restrictions are met within the same year as received are reflected as unrestricted revenue in the statement of activities.

Contributions of long-lived assets, cash or other assets to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The release of the restriction occurs over the depreciable life of the constructed asset.

Contributed property, plant and equipment are capitalized in accordance with the College's capitalization policy. Contributed goods other than property, plant and equipment are recognized as expense in the period received.

Contributions Receivable

Contributions receivable are stated at the estimated present value using discount rates ranging from 1.17% to 3.41% depending on the year of pledge inception. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. The carrying value of contribution receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. An allowance for uncollectible contributions receivable is provided based on management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contribution receivables are written-off when deemed uncollectible.

During fiscal 2018 and 2017, the College was notified of certain intentions to give. These conditional gifts, if received, would be used principally in support of scholarships. Consistent with US GAAP, such amounts have not been included in contributions receivable due to their conditional nature.

Grants and Contracts

Revenue from grants and contracts is recognized as related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues. Contract and grants receivables are written-off when deemed uncollectible.

Functional Expenses

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction, research and public service. Expenses reported as academic support, student services, institutional support and auxiliary activities are incurred in support of these primary program services.

Investments

Investments are reported at fair value. Authoritative guidance on fair value measurements, Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures, Fair Value*

Measurements, establishes a hierarchy of valuation methodologies based on the extent to which asset valuations are observable in the marketplace.

The following describes the hierarchy of methodologies used to measure fair value of investments:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation.

The College's interest in alternative investments (principally limited partnership interests in public equity, hedge funds, real assets, private equity, and other similar funds) are reported at the net asset value ("NAV") per share. NAV is determined by the underlying investment managers and is based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer and subsequent developments concerning the companies to which the securities relate. The College has performed due diligence on these investments and uses NAV as a practical expedient. Accordingly, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

Property, Plant and Equipment

Land, buildings, capital improvements, equipment, enterprise software, collections, and construction-in-progress are stated at cost at the time of acquisition or fair value (if contributed). Collections include works of art maintained in the College's public areas on campus. These collections are protected and preserved for public exhibition, education, and the furtherance of public service.

The College capitalizes computer equipment with a cost of $5,000 or more and other equipment and fixed assets with costs of $2,000 or more which have useful lives greater than one year. Property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 to 40 years
Buildings	8 to 60 years
Building improvements	10 to 20 years
Equipment	5 to 10 years
Enterprise software	10 to 15 years

Assets acquired under capital lease obligations are depreciated over the shorter of their economic useful life or the lease term. Land, collections, and construction-in-progress are not depreciated. Maintenance, repairs, and minor improvements are charged to operations as incurred. Major improvements, which substantially extend the useful lives of assets, are capitalized.

Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts of the College and the resulting gain or loss, if any, is reflected as part of nonoperating activities.

Split-Interest Agreements

Certain donors have established irrevocable charitable gift annuity agreements with the College, whereby the donated assets are invested in a segregated fund and distributions are made to the donor and/or other beneficiaries in accordance with the agreement for a specified period of time, after which the remaining assets and future investment return are retained by the College. Donated assets are measured at fair value, are included in the College's investments, and are classified as temporarily restricted net assets. Amounts are reclassified from temporarily restricted net assets to unrestricted net assets as distributions are received by the College under the terms of the split-interest agreements.

Contribution revenues are recognized when annuity agreements are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. Discount rates and actuarial assumptions are used to calculate the net present value of the obligations, and are based on market rates commensurate with each beneficiary's life expectancy.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions are the fair value of investments, interest rate swap agreements, pension and postretirement benefit obligations, conditional asset retirement obligations, liabilities for self-insured programs and split-interest agreements; useful lives and depreciation expense for property, plant, and equipment; and allowances for uncollectible accounts, notes, and pledges receivable. Actual results could differ from these estimates.

Concentrations of Credit Risk

Cash, cash equivalents, and investments are exposed to interest rate, market, and credit risks. The College maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the College's cash accounts are placed in high credit quality financial institutions and are partially collateralized by securities held by the pledging financial institution in the College's name; and the College's investment portfolio is diversified among a variety of asset categories, which are held by several investment managers. The College regularly evaluates its depository arrangements and investment strategies. The College does not anticipate any material losses with respect to such accounts due to concentration of credit risk.

Income Taxes

The College is exempt from federal income tax under Internal Revenue Code (the "Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College is, likewise, exempt from New York state income tax under comparable state statutes. Federal law imposes tax on income that is not related to an organization's tax-exempt purposes or otherwise excluded under the Code.

The College follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Management believes there are no uncertain tax positions for the years ended May 31, 2018 and 2017.

New Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date,* which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods on or after December 15, 2017 (early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period). The guidance permits the use of either a retrospective or cumulative effect transition method. The College is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (*Topic 842*), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the College for fiscal year 2020. Early adoption is permitted. The College is in the process of evaluating the impact this standard will have on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The College is in the process of evaluating the impact this standard will have on the financial statements.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. The standard requires entities to report the service cost component of net periodic benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of income from operations, if one is presented. ASU 2017-07 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The College is in the process of evaluating the impact this standard will have on the financial statements.

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the current year presentation. These changes did not impact total assets, liabilities, net assets or the changes in net assets reported in the prior year.

Subsequent Events

The College evaluated its May 31, 2018 financial statements for subsequent events through October 26, 2018, the date the financial statements were issued. The College is not aware of any material subsequent events which would require recognition or disclosure in the financial statements.

2. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, are summarized as follows:

	2018	2017
Unconditional promises expected to be collected in:		
Less than one year	$ 2,664,770	$ 2,163,600
One to five years	1,928,920	2,242,517
After five years	150,000	200,000
	4,743,690	4,606,117
Less: Allowance for doubtful accounts	(60,688)	(182,725)
Less: Unamortized discount to present value	(77,921)	(81,593)
Contributions receivable, net	$ 4,605,081	$ 4,341,799

3. INVESTMENTS

The College's endowment and other investment portfolios include investments in various asset classes, each with different return expectations, risk characteristics, and liquidity provisions. Descriptions of the College's asset classes are as follows:

Cash and Other - Consists of cash designated for investment purposes, money market funds, and certificates of deposit.

Fixed Income - Consists of investments in U.S. government securities, municipal securities, mutual funds, and corporate bonds.

Public Equity - Consists of publicly-traded equity, exchange-traded funds, mutual funds, and other commingled funds.

Hedge Funds - Consists of U.S.-domiciled limited partnerships and foreign-domiciled companies whose managers often employ complex portfolio-construction and risk-management techniques.

Private Equity - Consists of limited partnership investments that are not publicly traded with a fixed terms ranging from 8 to 18 years from fund inception. Private equity funds are illiquid during the life of the fund; managers employ strategies for long-term capital appreciation.

Real Asset Funds - Consists of corporations and limited partnerships investing primarily in real estate. Real asset funds include funds that are not publicly traded with fixed terms ranging from 10 to 12 years from fund inception; these real asset funds are illiquid during the life of the fund; managers employ strategies for long-term capital appreciation.

The following tables represent the fair value hierarchy of investments that are measured at fair value:

	May 31, 2018		
	Total	**Level 1**	**Net Asset Value**
Fixed income	$ 82,237,346	$ 68,861,789	$ 13,375,557
Equities	52,421,383	52,421,383	-
Public equities	145,172,905	-	145,172,905
Private equities	13,072,806	-	13,072,806
Hedge funds	54,523,804	-	54,523,804
Real asset funds	19,560,548	-	19,560,548
	366,988,792	$ 121,283,172	$ 245,705,620
Cash, deposits, and money markets	56,915,265		
Total investments	$ 423,904,057		

	May 31, 2017		
	Total	**Level 1**	**Net Asset Value**
Fixed income	$ 97,936,075	$ 84,747,359	$ 13,188,716
Equities	39,867,261	39,867,261	-
Public equities	132,031,936	-	132,031,936
Private equities	12,828,570	-	12,828,570
Hedge funds	53,484,799	-	53,484,799
Real asset funds	23,041,182	-	23,041,182
	359,189,823	$ 124,614,620	$ 234,575,203
Cash, deposits, and money markets	39,952,513		
Total investments	$ 399,142,336		

The following tables list investments by major asset category reported at fair value using NAV and includes the redemption terms and unfunded commitments for alternative investments at May 31, 2018 and 2017:

2018					
Redeemable Alternative Investments	**Significant Investment Strategy**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Fixed income	High quality soverign bonds	$ 13,375,557	$ -	Semi-monthly	5 days
Public equity[1]	Long-term capital appreciation	145,172,905	-	Semi-monthly, monthly, quarterly	3-60 days
Hedge funds[1]	High growth and long-term capital appreciation	54,523,804	-	Quarterly, bi-annually, annually, triennually	45-60 days
Real asset funds	Capital appreciation and inflation protection	10,587,184	-	Monthly	30 days
Total		$ 223,659,450	$ -		
Illiquid Alternative Investments	**Significant Investment Strategy**	**Fair Value**	**Unfunded Commitments**	**Remaining Life of Funds**	**Timing to Draw**
Private equities	High growth companies and capital appreciation	$ 13,072,806	$ 7,492,759	Up to 15 years	Over the life of the funds
Real asset funds	Capital appreciation and inflation protection	8,973,364	11,229,135	Up to 10 years	Over the life of the funds
Total		22,046,170	18,721,894		
Total alternative investments measured at NAV		$ 245,705,620	$ 18,721,894		

[1] Includes funds with lockup terms through September 30, 2018.

2017

Redeemable Alternative Investments	Significant Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income	High quality soverign bonds	$ 13,188,716	$ -	Semi-monthly	5 days
Public equity	Long-term capital appreciation	132,031,936	-	Semi-monthly, monthly, quarterly	3-60 days
Hedge funds	High growth and long-term capital appreciation	53,484,799	-	Quarterly, bi-annually, annually, triennually	45-60 days
Real asset funds	Capital appreciation and inflation protection	9,609,671	-	Monthly	30 days
Total		$ 208,315,122	$ -		

Illiquid Alternative Investments	Significant Investment Strategy	Fair Value	Unfunded Commitments	Remaining Life of Funds	Timing to Draw
Private equities	High growth companies and capital appreciation	$ 12,828,570	$ 8,313,672	Up to 15 years	Over the life of the funds
Real asset funds	Capital appreciation and inflation protection	13,431,511	9,837,333	Up to 10 years	Over the life of the funds
Total		26,260,081	18,151,005		
Total alternative investments measured at NAV		$ 234,575,203	$ 18,151,005		

The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly fair value of its pooled investment portfolio for the preceding five years. The College utilized 4.50% and 4.16% of the average quarterly fair value of its pooled investment portfolio in fiscal 2018 and 2017, respectively. To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes unrealized and realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, depending upon donor stipulations, if any, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The following schedule summarizes the net investment return and its classification in the statements of activities for the years ended May 31, 2018 and 2017:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest, net	$ 4,327,145	$ 1,248,369	$ -	$ 5,575,514
Net realized and unrealized gains	12,486,209	5,922,813	-	18,409,022
Total return on investments	$ 16,813,354	$ 7,171,182	$ -	$ 23,984,536
Investment return designated for operations	$ 704,521	$ -	$ -	$ 704,521
Endowment distribution approved for spending	8,498,371	3,285,263	-	11,783,634
Endowment investment return, net of spending	7,610,462	3,885,919	-	11,496,381
Total return on investments	$ 16,813,354	$ 7,171,182	$ -	$ 23,984,536

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest, net	$ 4,177,006	$ 1,696,763	$ -	$ 5,873,769
Net realized and unrealized losses	20,205,512	8,904,822	-	29,110,334
Total return on investments	$ 24,382,518	$ 10,601,585	$ -	$ 34,984,103
Investment return designated for operations	$ 884,774	$ 284,272	$ -	$ 1,169,046
Endowment distribution approved for spending	7,784,511	3,177,965	-	10,962,476
Endowment investment return, net of spending	15,713,233	7,139,348	-	22,852,581
Total return on investments	$ 24,382,518	$ 10,601,585	$ -	$ 34,984,103

Investment management and custodian fees are netted against investment returns and totaled $1,383,512 and $1,095,868 in fiscal 2018 and 2017, respectively.

4. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS

The College makes uncollateralized loans to students based on financial need under the Federal Perkins loan program. Student loans are funded through Federal government loan programs or institutional resources. At May 31, 2018 and 2017, student loans represented 1.1% and 1.2%, respectively, of total assets.

	2018	2017
Federal government programs	$ 9,649,714	$ 10,104,254
Less: Allowance for doubtful accounts:	(400,000)	(400,000)
Student loans receivable, net	$ 9,249,714	$ 9,704,254

Of these loan amounts, $6,216,531 and $6,865,388 as of May 31, 2018 and 2017, respectively, are not yet in repayment status.

At May 31, 2018 and 2017, the following amounts were past due under the student loan program:

May 31,	In Default < 240 Days (Monthly Installments) or 270 Days (Other Installments)	In Default > 240 Days (Monthly Installments) or 270 Days (Other Installments) and < 2 Years	In Default > 2 Years, Up To 5 Years	In Default > 5 Years	Total Past Due
2018	$ 469,472	$ 198,952	$ 154,051	$ 223,342	$ 1,045,817
2017	453,016	128,958	169,890	206,677	958,541

The availability of funds for loans under the Federal Perkins loan program is dependent on reimbursement to the pool from repayments on outstanding loans from student loan recipients. Funds advanced by the Federal government of $8,171,473 and $8,178,681 at May 31, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as liabilities on the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans to eligible students and a decrease in the liability to the government.

The fair value of notes receivable from students under federal government financial assistance programs could not be reasonably estimated because the notes are not saleable and can only be assigned to the federal government or its designees. Therefore, the loans are stated at the mount of principal outstanding, less an appropriate reserve for potentially uncollectible accounts. The loans' maturities range from one to ten years and have stated interest rates ranging from approximately 3% to 6%.

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consists of the following at May 31, 2018 and 2017:

	2018	2017
Land improvements	$ 7,561,348	$ 4,106,994
Buildings and building improvements	537,641,973	519,828,217
Equipment and software	89,729,743	91,266,725
	634,933,064	615,201,936
Less: Accumulated depreciation	(277,231,770)	(260,400,460)
Land	13,420,615	13,360,791
Collections	1,250,000	1,250,000
Construction-in-progress	1,422,892	3,139,400
Property, plant and equipment, net	$ 373,794,801	$ 372,551,667

There was no interest expense capitalized to construction projects for the years ended May 31, 2018 and 2017.

6. DEBT OBLIGATIONS

Debt obligations at May 31, 2018 and 2017, consist of the following:

	2018	2017
Tompkins County Development Agency, Civic Facility Revenue Boards:		
Series 2004, variable rate bonds, bearing interest at rate reset weekly; interest ranged between 0.40% and 1.82% during the years ended May 31, 2018 and 2017, respectively; payable in annual sinking fund installments to maturity in July 2034[1,2,3]	$ 22,120,000	$ 23,075,000
Series 2005B, bank rate bonds held by TD Bank, N.A., bearing interest at 1M LIBOR plus 74 basis points, multiplied by 70.50%; interest ranged between 0.84% and 1.87% during the years ended May 31, 2018 and 2017, respectively; payable in annual sinking fund installments to maturity in July 2026[1]	34,555,000	36,065,000
Tompkins County Development Corporation, Tax-Exempt Revenue Bonds (Ithaca College Project):		
Series 2011, 3.00%-5.50% fixed rate bonds, net of $0 and $28,326 unamortized discount at May 31, 2018 and 2017, respectively; maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturity in July 2033, July 2036, and July 2041[1,2]	-	23,466,674
Tompkins County Development Corporation, Tax-Exempt Revenue Refunding Bonds (Ithaca College Project):		
Series 2015, 3.00%-5.00% fixed rate bonds, net of $3,973,565 and $4,387,284 unamortized premium at May 31, 2018 and 2017, respectively; maturing serially through July 2034, payable thereafter in annual sinking fund installments to maturity in July 2038[1]	42,033,565	45,807,285
Tompkins County Development Corporation, Tax-Exempt Revenue Refunding Bonds (Ithaca College Project):		
Series 2017, 3.00%-5.00% fixed rate bonds, net of $3,515,000 and $0 unamortized premium at May 31, 2018 and 2017, respectively; maturing serially through July 2037, payable thereafter in annual sinking fund installments to maturity in July 2041[1]	25,495,000	-
Mortgage Notes held by Nationwide Life Insurance Company:		
College Circle #1, 6.78% fixed rate; payable monthly and maturing October 2033[4]	16,097,298	16,670,550
College Circle #2, 6.63% fixed rate; payable monthly and maturing October 2033[4]	504,123	522,332
College Circle #3, 7.26% fixed rate, payable monthly and maturing October 2033[4]	2,548,394	2,635,098
College Circle #4, 6.80% fixed rate, payable monthly and maturing October 2033[4]	3,952,453	4,092,940
	147,305,833	152,334,879
Less: Bond issuance costs	1,325,070	1,639,999
Debt obligations, net	$ 145,980,763	$ 150,694,880

[1]Secured by a parity pledge of the College's tuition and fee revenue.
[2]Additionally secured by a financial guaranty insurance policy.
[3]Enhanced by letter of credit issued by TD Bank, N.A., which expires on December 31, 2018.
[4]Collateralized by the College Circle Apartments and improvements located thereon.

Interest expense on debt obligations totaled $6,765,232 and $7,042,904 for the years ended May 31, 2018 and 2017, respectively. Interest expense includes interest incurred on outstanding bonds and notes, amortization of discount and premium, amortization of bond issuance costs, net interest rate swap payments incurred, remarketing fees, and letter of credit fees. Discount, premium, and issuance costs are amortized using the effective interest method over the period the bonds are outstanding.

Under the terms of the loan agreements associated with the College's debt obligations, the College is required to maintain compliance with various covenants, including certain financial ratios. As of May 31, 2018 and 2017, the College was in compliance with the required covenants.

The aggregated required principal and sinking fund payments on all bonds and notes payable for each of the next five fiscal years, and thereafter to maturity, are as follows:

Year Ending May 31,	
2019	$ 7,386,359
2020	7,768,136
2021	8,109,270
2022	8,520,068
2023	9,035,860
Thereafter	98,997,575
Total payments	139,817,268
Plus: Unamortized premium and discount, net	7,488,565
Less: Unamortized costs of issuance	(1,325,070)
Debt obligations, net	$ 145,980,763

Tompkins County Development Corporation, Tax-Exempt Revenue Refunding Bonds (Ithaca College Project), Series 2017 ("Series 2017 Bonds")

In December 2017, the College issued bonds totaling $21,980,000 to advance refund the Series 2011 Bonds and reduce its annual interest expense through the term of the Series 2017 Bonds. In connection with this transaction, the College recorded a loss on bond restructuring of $2,831,892 for the year ended May 31, 2018.

A portion of the proceeds from the Series 2017 Bonds are deposited with the trustee for the Series 2011 Bonds. The trustee has irrevocable instructions to make scheduled payments of the principal of and interest on the Series 2011 Bonds through and including January 1, 2021 (the "Redemption Date") and to pay the redemption price of the Series 2011 Bonds maturing thereafter on the Redemption Date. As of the date of issuance of the Series 2017 Bonds, the Series 2011 Bonds are no longer an outstanding obligation to the College. Accordingly, amounts deposited with the trustee and the Series 2011 Bonds are excluded from the College's financial statements.

Lines of Credit

The College has two lines of credit totaling $15,000,000 with a maturity dates of December 31, 2018, and September 8, 2019. There were no outstanding borrowings on the lines of credit as of May 31, 2018 and 2017.

7. INTEREST RATE SWAPS

The College utilizes interest rate swap agreements as a strategy for managing interest rate risk associated with its variable rate bond obligations. While the use of these agreements is for risk management purposes, their use by the College is not considered to be hedging activity based on definitions in US GAAP. The objectives for holding the interest rate swap agreements in the context of each debt issuance are as follows:

Series 2004 Bonds

Concurrent with the issuance of the Series 2004 Bonds, the College entered into a fixed payer interest rate swap agreement that expires coincident with the maturity of the Series 2004 Bonds in July 2034 ("2004 Fixed Payer").

Series 2005B Bonds

Concurrent with the issuance of the Series 2005B Bonds, the College entered into a fixed payer interest rate swap agreement that expires coincident with the maturity of the Series 2005B Bonds in July 2026 ("2005 Fixed Payer").

Series 2007 Bonds

In connection with the issuance of the Series 2007 Bonds, the College entered into two fixed payer interest rate swap agreements that expire coincident with the original maturity of the Series 2007 Bonds in July 2037 ("2007 Fixed Payer I" and "2007 Fixed Payer II"). In 2009 when the Series 2007 Bonds were converted to intermediate term fixed rate bonds, the College entered into two fixed receiver interest rate swap agreements to counterbalance the fixed payer agreements; the fixed receiver agreements expired coincident with the maturity of the re-offered Series 2007 Bonds in July 2016 ("2007 Fixed Receiver I" and "2007 Fixed Receiver II").

Series 2015 Bonds

In connection with the issuance of the Series 2015 Bonds, which refunded the 2009 re-offerings of the Series 2007 Bonds, the College restructured the interest rate swap exposure associated with the Series 2007 Bonds. Whereas the 2007 Fixed Payer I and 2007 Fixed Payer II swaps expire in July 2037, and whereas the counterbalancing 2007 Fixed Receiver I and 2007 Fixed Receiver II swaps were scheduled to expire in July 2016, the College entered into two new counterbalancing fixed receiver interest rate swap agreements that became effective in July 2016 and terminate coincident with the original maturity of the Series 2007 Bonds in July 2037 ("2015 Fixed Receiver I" and "2015 Fixed Receiver II").

The terms of the College's interest rate swap agreements are summarized as follows:

Swap Agreement	Counterparty	Initial Notional	Maturity	Rate Received	Rate Paid
2004 Fixed Payer	UBS AG	$ 10,420,000	[1] July 2034	59% 1M LIBOR +40bp	3.4049%
2005 Fixed Payer	Bank of America, N.A.	40,290,000	[2] July 2026	67% 1M LIBOR	3.220%
2007 Fixed Payer I	Royal Bank of Canada	19,075,000	[2] July 2037	67% 1M LIBOR	3.721%
2007 Fixed Payer II	Royal Bank of Canada	11,565,000	[2] July 2037	67% 1M LIBOR	3.398%
2007 Fixed Receiver I	Royal Bank of Canada	18,360,000	[2] July 2016	2.052%	67% 1M LIBOR
2007 Fixed Receiver II	Royal Bank of Canada	11,565,000	[2] July 2016	2.046%	67% 1M LIBOR
2015 Fixed Receiver I	Royal Bank of Canada	15,220,000	[2] July 2037	1.376%	67% 1M LIBOR
2015 Fixed Receiver II	Royal Bank of Canada	9,805,000	[2] July 2037	1.366%	67% 1M LIBOR

[1] The notional is constant through July 2028; thereafter the notional declines in accordance with the repayment schedule of the underlying debt.

[2] The notional declines in accordance with the repayment schedule of the underlying debt.

The estimated fair values of derivative liabilities at May 31, 2018 and 2017, respectively, are summarized as follows, along with the net nonoperating gains and losses for the respective years then ended.

	2018		
Swap Agreement	Notional Outstanding	Derivative Liabilities	Net Gain (Loss)
2004 Fixed Payer	$ 10,420,000	$ (1,584,062)	$ 646,256
2005 Fixed Payer	34,555,000	(2,462,045)	1,631,823
2007 Fixed Payer I	14,710,000	(2,429,194)	980,941
2007 Fixed Payer II	9,515,000	(1,359,360)	601,728
2015 Fixed Receiver I	14,710,000	(648,387)	(556,262)
2015 Fixed Receiver II	9,515,000	(422,436)	(361,913)
	$ 93,425,000	$ (8,905,484)	$ 2,942,573

2017

Swap Agreement	Notional Outstanding	Derivative Liabilities	Net Gain (loss)
2004 Fixed Payer	$ 10,420,000	$ (2,230,318)	$ 536,298
2005 Fixed Payer	36,065,000	(4,093,868)	1,479,038
2007 Fixed Payer I	15,220,000	(3,410,135)	854,266
2007 Fixed Payer II	9,805,000	(1,961,088)	519,275
2007 Fixed Receiver I	-	-	(45,940)
2007 Fixed Receiver II	-	-	(28,314)
2015 Fixed Receiver I	15,220,000	(92,125)	(432,521)
2015 Fixed Receiver II	9,805,000	(60,523)	(281,608)
	$ 96,535,000	$ (11,848,057)	$ 2,600,494

Net interest expense incurred on swap agreements was $1,541,252 and $1,814,791 for the years ended May 31, 2018 and 2017, respectively, and is included within interest expense on debt obligations reported in Note 6.

Derivatives by their nature bear, to varying degrees, elements of market risk and credit risk that are not reflected in the amounts recorded in these financial statements. Market risk in this context represents the potential for changes in the value of derivative instruments due to levels of volatility and liquidity or other events affecting the underlying debt obligations, including those embodied in interest rate movements. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. The College's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statements of financial position, not the notional amounts of the instruments.

The College's swap agreements contain credit support obligations and termination provisions on agreements in net liability positions. Under the credit support obligations, the College could be required to post collateral with the counterparties if the credit rating on the College's bond obligations is downgraded below A3 by Moody's Investors Service or below A- by Standard & Poor's Rating Service. Under the termination provisions, the College could be required to settle the derivative instruments if the credit rating on the College's bond obligations is downgraded below Baa3 by Moody's Investors Service or below BBB- by Standard & Poor's Rating Service.

If the credit support obligations had been triggered, the College could have been required to post collateral to its counterparties in an amount up to the full liability position of the instruments, depending on the classification of assets used to post collateral. If the termination provisions had been triggered, the College could have been required to settle the instruments at the full liability position of the instruments.

The aggregate fair value of interest rate swaps that contain credit-risk-related contingent features that were in a net liability position was $8,905,484 and $11,848,057 at May 31, 2018 and 2017, respectively. Based on the quality of the credit rating of the College's bond obligations, the College had posted no collateral associated with these instruments at May 31, 2018 and 2017.

The College's interest rate swaps are valued by an independent third party that uses the mid-market levels, as of the close of business on the last day of the reporting period, to value each agreement. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the College's credit worthiness. The College's interest rate swaps are classified as Level 2 in the fair value hierarchy.

8. BENEFIT PLANS

Retirement Annuity Plan

Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plans which are immediately vested for the benefit of the participants.

There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of employees' salaries. College contributions to the TIAA/CREF plan amounted to $7,290,147 and $7,037,557 for the years ended May 31, 2018 and 2017, respectively.

Postretirement Benefits

The College sponsors two defined benefit postretirement plans (collectively, the "Postretirement Plan"). One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The postretirement health care plan is noncontributory for employees with dates of hire prior to January 1, 2007 and contributory for employees with dates of hire after January 1, 2007. The life insurance plan is noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are unfunded.

The following tables provide information with respect to the other postretirement plans for the years ended May 31:

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	$ (13,774,684)	$ (14,396,366)
Service cost	(536,519)	(507,455)
Interest cost	(670,193)	(605,340)
Plan participants' contributions	(23,100)	(11,481)
Actuarial (loss) gain	(264,804)	850,062
Benefits paid	936,965	895,896
Benefit obligation, end of year	$ (14,332,335)	$ (13,774,684)
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	913,865	884,415
Plan participants' contributions	23,100	11,481
Benefits paid	(936,965)	(895,896)
Fair value of plan assets, end of year	$ -	$ -
Amounts recognized in unrestricted net assets:		
Unamortized net loss	$ 3,605,931	$ 3,524,169
Amounts recognized in the statements of financial position consist of:		
Accrued benefit liability	$ (14,332,335)	$ (13,774,684)
Unrestricted net assets	$ 3,605,931	$ 3,524,169

	2018	2017
Components of net periodic postretirement benefit cost:		
Service cost	$ 536,519	$ 507,455
Interest cost	670,193	605,340
Amortization of unrecognized prior service costs	-	792
Amortization of net loss	183,042	182,468
Net periodic benefit cost	$ 1,389,754	$ 1,296,055
Change in unamortized items:		
Actuarial (gain) loss	$ 264,804	$ (850,062)
Total changes recognized in unrestricted net assets	$ 81,762	$ (1,033,322)
Total recognized in net periodic postretirement benefit cost and unrestricted net assets	$ 1,471,516	$ 262,733
Amounts in unrestricted net assets expected to be recognized in net periodic benefits cost in the next fiscal year	$ 151,306	$ 153,022

	2018	2017
Weighted-average assumptions as of May 31:		
Discount rate for benefit obligation at year-end	4.84%	4.86%
Discount rate for net periodic benefit cost at year-end	4.86%	4.54%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

Expected employer contributions for the next fiscal year are $969,513.

Assumed pre-65 medical trend rates at May 31:	
Healthcare cost trend rate assumed for next year	7.250%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	2.886%
Year that the rate reaches the ultimate trend rate	2,076

Assumed prescription drug trend rates at May 31:	
Healthcare cost trend rate assumed for next year	10.500%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	2.886%
Year that the rate reaches the ultimate trend rate	2,076

Assumed health care cost trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in the health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 146,547	$ (124,177)
Effect on postretirement benefit obligation	1,146,163	(1,015,615)

Estimated future benefit payments are as follows for the years ending May 31:

2019	$ 969,513
2020	947,651
2021	1,026,855
2022	1,061,531
2023	1,036,108
Years 2024 - 2028	6,296,189

9. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations ("ARO's") are legal obligations associated with the eventual retirement of long-lived assets. These liabilities, which for the College primarily relate to the cost of asbestos and lead paint abatement, were initially recorded at fair value and the related asset retirement costs capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Significant assumptions utilized in the determination of such obligations include the selection of relevant discount factors, which articulate with the timing of performance related to the respective project, inflation factors, and the probabilities assigned to cost estimates. Asset retirement costs are subsequently depreciated over the estimated useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

The cost of the abatement was estimated following a site-specific survey of the campus. The abatement projects, to which the adjustment pertains, consist principally of asbestos and lead removal and are expected to be completed by fiscal 2024.

The following table represents the activity for the ARO's for the years ended May 31, 2018 and 2017:

	2018	2017
Beginning of year	$ 841,086	$ 980,609
Obligations settled during the period	(156,192)	(139,523)
Accretion expense	927,555	-
End of year	$ 1,612,449	$ 841,086

10. ENDOWMENT

The College's endowment consists of approximately 400 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the College's Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments (quasi-endowments), are classified and reported based on the existence or absence of donor-imposed restrictions. The College has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the College's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment, exclusive of gift additions. The College's primary investment objective is to maximize total return within reasonable and prudent levels of risk, while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various types of investment instruments and strategies to help reduce risk.

In September 2010, the State of New York passed NYPMIFA, its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). It was effective for the College's 2011 fiscal year and all not-for-profit organizations formed in New York must apply this law.

The College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees of the College in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the College and its donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the College;
(7) The investment policies of the College; and
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects of the College.

The following tables summarize endowment net asset composition, by type of fund, as of May 31, 2018 and 2017:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (2,447)	$ 44,790,198	$ 53,821,241	$ 98,608,992
Board-designated endowment funds	217,416,354	-	-	217,416,354
Total funds	$ 217,413,907	$ 44,790,198	$ 53,821,241	$ 316,025,346

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (11,367)	$ 40,982,334	$ 50,909,090	$ 91,880,057
Board-designated endowment funds	208,835,462	-	-	208,835,462
Total funds	$ 208,824,095	$ 40,982,334	$ 50,909,090	$ 300,715,519

The following tables summarize the changes in endowment net assets for the years ended May 31, 2018 and 2017:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ 208,824,095	$ 40,982,334	$ 50,909,090	$ 300,715,519
Investment return:				
Investment income	2,644,383	1,211,891	-	3,856,274
Net appreciation of investments	13,400,225	5,861,466	-	19,261,691
Total investment return	16,044,608	7,073,357	-	23,117,965
Contributions and bequests	1,014,881	19,770	2,859,851	3,894,502
Amounts appropriated for expenditure	(8,498,371)	(3,285,263)	-	(11,783,634)
Board-designated transfers	-	-	-	-
Transfers and other changes, net	28,694	-	52,300	80,994
Endowment net assets, end of year	$ 217,413,907	$ 44,790,198	$ 53,821,241	$ 316,025,346

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 187,130,143	$ 31,758,659	$ 48,439,657	$ 267,328,459
Investment return:				
Investment income	436,937	273,950	-	710,887
Net appreciation of investments	23,521,054	10,219,624	-	33,740,678
Total investment return	23,957,991	10,493,574	-	34,451,565
Contributions and bequests	63,245	-	2,469,433	2,532,678
Amounts appropriated for expenditure	(7,791,600)	(3,177,965)	-	(10,969,565)
Board-designated transfers	5,000,000	-	-	5,000,000
Transfers and other changes, net	464,316	1,908,116	-	2,372,432
Endowment net assets, end of year	$ 208,824,095	$ 40,982,384	$ 50,909,090	$ 300,715,569

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in unrestricted net assets totaled $2,447 and $11,367, at May 31, 2018 and 2017, respectively. Subsequent gains that restore the fair value of the assets of such endowment funds to the required level are classified as an increase in unrestricted net assets. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the College's Board of Trustees.

11. SPLIT-INTEREST AGREEMENTS

Assets and liabilities recognized under split-interest agreements, contribution revenue, and changes in the value of split-interest agreements are as follows as of and for the year ended May 31:

	2018		
	Assets	Liabilities	Net Assets
Split-interest agreements, beginning of year	$ 838,573	$ 447,913	$ 390,660
Contributions	150,000	55,556	94,444
Investment return	97,826	-	97,826
Disbursements to annuitants	(48,617)	(48,617)	-
Change in obligation to annuitants	-	42,970	(42,970)
Split-interest agreements, end of year	$ 1,037,782	$ 497,822	$ 539,960

	2017		
	Assets	**Liabilities**	**Net Assets**
Split-interest agreements, beginning of year	$ 745,099	$ 424,309	$ 320,790
Contributions	45,000	23,105	21,895
Investment return	96,082	-	96,082
Disbursements to annuitants	(47,608)	(47,608)	-
Change in obligation to annuitants	-	48,107	(48,107)
Split-interest agreements, end of year	$ 838,573	$ 447,913	$ 390,660

The College is required to maintain donated assets from split-interest agreements in segregated funds which meet state-mandated reserve amounts. Legally mandated reserves totaled $513,537 and $458,976 at May 31, 2018 and 2017, respectively.

12. ALLOCATED EXPENSES

Certain expenses incurred by the College are allocated to specific program and support service activities on the basis of utilization of the underlying assets. Expenses included in this allocation are operation and maintenance of plant, depreciation and interest on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt. The allocation of these expenses, which are included in total operating expenses for the years ended May 31, 2018 and 2017, are as follows:

	2018			
	Operations and Maintenance	**Depreciation**	**Interest**	**Total**
Instruction, research, and public service	$ 7,951,081	$ 9,172,943	$ 2,928,061	$ 20,052,085
Academic support	897,703	1,030,350	-	1,928,053
Student services	2,564,865	2,897,296	-	5,462,161
Institutional support	1,410,676	1,675,608	-	3,086,284
Auxiliary activities	7,668,795	7,160,946	3,837,171	18,666,912
Total	$ 20,493,120	$ 21,937,143	$ 6,765,232	$ 49,195,495

	2017			
	Operations and Maintenance	**Depreciation**	**Interest**	**Total**
Instruction, research, and public service	$ 7,611,237	$ 9,222,463	$ 3,040,122	$ 19,873,822
Academic support	859,333	1,035,913	-	1,895,246
Student services	2,455,238	2,912,937	-	5,368,175
Institutional support	1,350,381	1,684,653	-	3,035,034
Auxiliary activities	7,590,090	6,688,757	4,002,782	18,281,629
Total	$ 19,866,279	$ 21,544,723	$ 7,042,904	$ 48,453,906

Expenses related to fundraising activities totaled $4,873,686 and $3,426,067 for the years ending May 31, 2018 and 2017, respectively, and are included in institutional support in the accompanying statements of activities.

13. COMMITMENTS AND CONTINGENCIES

The College has entered into numerous noncancellable operating lease agreements and other agreements for office space and equipment. Commitments under such agreements provide for minimum annual payments as follows:

Year Ending May 31:	Amount
2019	$ 1,789,052
2020	1,190,476
2021	428,218
2022	74,548
2023	37,559
Thereafter	1,392,813
	$ 4,912,666

Rental expense for all operating leases totaled $2,098,100 and $1,995,459 for the years ended May 31, 2018 and 2017, respectively.

As of May 31, 2018, the College had entered into renovation and construction contracts and commitments totaling $5,193,964.

From 2000 through 2007, the College provided its students access to the Gate Student Loan Program to assist them in financing their educational experience at the College. The loans taken out under this program by the students, which are held by National Collegiate Trusts and administered by First Marblehead Data Services, are repayable over a maximum of 20 years. Under the terms of the program, the College guarantees to cover defaults up to a specified maximum amount, ranging from 19% to 33% of the outstanding loan balance. As of May 31, 2018 and 2017, students had outstanding loans under the program of $6,445,808 and $8,220,485, respectively, and the College's maximum unfunded default pledge obligation was $2,960,871 and $3,101,546, respectively. Based on actual default experience, as of May 31, 2018, the College has included in its liabilities a provision of $300,000 as of May 31, 2018 and 2017, for defaults on Gate Loans.

As a result of the resolution agreement with the Department of Education Office of Civil Rights executed on August 4, 2015, the College is committed to completing certain remediations to its campus, in accordance with the Americans with Disabilities Act, within a two-year timeframe. As of May 31, 2018, the College does not have a basis on which to project the estimated cost resulting from the resolution agreement. Accordingly, the College has not included a reserve for such amounts on the accompanying statement of financial position.

In December 2015, the College entered into a twenty five year solar power purchase agreement with Finger Lakes Solar 1, LLC (the "Provider"). The Provider will furnish, install, maintain and own solar electric generating facilities (e.g., solar panels, meters, monitoring equipment, etc.) at the College. The College has agreed to purchase all of the electricity produced by these solar facilities according to the terms set forth in the agreement with the Provider. After the initial term of the agreement, the agreement will automatically renew for one-year terms, unless a written notice of non-renewal is given by either party to the transaction.

The College has the right to unilaterally terminate the agreement for any reason, with no less than ninety (90) days' notice and would be required to pay an early termination fee ranging from approximately $8.0 million in the first year to $2.7 million in the twenty-fifth year or thereafter.

In the normal course of its operations, the College is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the College is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the College's financial position, changes in net assets or cash flows.

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Direct:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ 678,865	$ -
Federal Work Study Program	84.033	N/A	596,487	-
Federal Pell Grant Program	84.063	N/A	5,521,024	-
Federal Perkins Loan Program	84.038	N/A	11,195,444	-
Federal Direct Loans Program	84.268	N/A	46,305,828	-
Total Student Financial Assistance Cluster			64,297,648	-
Research and Development Cluster:				
National Air and Space Administration:				
Pass-through from the University of Arizona:				
Science - OSIRIS Rex	43.001	NMN10AA11C	131,807	30,536
Total National Air and Space Administration			131,807	30,536
National Science Foundation:				
Direct:				
Computer and Information Science and Engineering	47.070	N/A	73,708	-
Social, Behavioral, and Economic Sciences	47.075	N/A	16,536	-
Robotic Assisted Locomotor Experience	47.075	N/A	75,132	-
Education and Human Resources	47.076	N/A	228,791	12,594
Total National Science Foundation			394,167	12,594
U.S. Department of Health and Human Services:				
Direct:				
Cardiovascular Diseases Research	93.837	N/A	89,586	-
Biomedical Research and Research Training	93.859	N/A	68,888	44,471
			158,474	44,471
Pass-through from the University of Rochester:				
Geriatrics Workforce Enhancement Program	93.969	1 U1QHP28783	114,655	-
Pass-through from Cornell University:				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	83456-10995	35,273	-
Total U.S. Department of Health and Human Services			308,402	44,471
Department of State:				
Direct:				
Media Literacy Workshops	19.004	N/A	3,865	-
American Embassy - On Common Ground	19.501	N/A	211,729	112,923
Total Department of State			215,594	112,923
Total Research and Development Cluster			1,049,970	200,524

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

ITHACA COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended May 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying No.	Federal Expenditures	Amounts Provided to Subrecipients
Other Federal Awards:				
Department of Defense:				
Direct:				
Reserve Officer Training Program ("ROTC") Scholarships	12.001	N/A	$ 144,985	$ -
Corporation for National and Community Service:				
Direct:				
Americorps	94.006	N/A	9,528	-
Total Other Federal Awards			154,513	-
Total Expenditures of Federal Awards			$ 65,502,131	$ 200,524

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ithaca College (the "College") under programs of the federal government for the year ended May 31, 2018 and is prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2. STUDENT LOAN PROGRAMS

The federal student loan program listed below is administered directly by the College, and balances and transactions relating to this program are included in the College's financial statements. Loan activities and balances consist of the following:

Cluster/Program Title	Federal CFDA Number	Balance as of June 1, 2017	Loans Issued	Payments Received	Balance as of May 31, 2018
Federal Perkins Loan Program	84.038	$ 10,104,254	1,091,190	(1,545,730)	$ 9,649,714

During the year ended May 31, 2018, the College processed $46,315,969 of new loans under the Federal Direct Student Loans Program ("Direct Loan"). The College is responsible only for the performance of certain administrative duties with respect to the Direct Loan Program and, accordingly, the value of these loans is not reflected in the College's basic financial statements. Furthermore, it is not practical to determine the balance of loans outstanding to students of the College under this program as of May 31, 2018.

3. INDIRECT COST RATE

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Ithaca College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ithaca College (the "College") which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2018.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
October 26, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Ithaca College:

Report on compliance for each major federal program

We have audited the compliance of Ithaca College (the "College") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended May 31, 2018. The College's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Our audit of, and opinion on, the College's compliance for the major federal program does not include the compliance requirements governing the Federal Perkins Loan Program student loan repayments under the Student Financial Assistance Cluster because the College engaged Educational Computer Services, Inc. to perform these compliance activities. This third-party servicer has obtained a compliance examination from another practitioner for the year ending June 30, 2018 in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*.

Management's responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the College's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200,*

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Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2018.

Report on internal control over compliance

Management of the College is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
January 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
• Noncompliance material to financial statements noted?	___ yes _X_ no

Federal awards:

Internal control over the major program:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
Type of auditor's report issued on compliance for the major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	___ yes _X_ no

Identification of the major program:

Program or Cluster Title	Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ yes ___ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None identified.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.